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USSR Report

INTERNATIONAL ECONOMIC RELATIONS



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16 March 1984

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USSR-WORLD TRADE

ROLE OF GOSBANK IN FOREIGN TRADE, BLOCKADE RESISTANCE DISCUSSED

Moscow APN DAILY REVIEW in English 31 Jan 84 pp 1-4

[Interview with Vladimir Alkhimov, chairman of the Board of the USSR State Bank, by IZVESTIA special correspondent Leonid Kolosov: "Our Bank's Assets"]

[Text] Q. Can you define the functions of the State Bank in brief?

A. Yes, I can. The State Bank of the USSR is this country's issuance, credit, and settlement center. That is brief, but not very clear, is it? So it has to take a little longer to explain. The State Bank is the major component of the credit and monetary system of the Soviet Union. It is the only integrated control center in charge of money circulation. It is a bank for: short- and long-term crediting and financing capital investment in a number of areas; general supervising of the nation's State Labor Savings Banks; organising and conducting, through the USSR Bank for Foreign Trade, international settlements and crediting of Soviet foreign trade, foreign exchange and gold operations; and establishing foreign currency exchange rates in roubles.

The assets of our State Bank are greater than the aggregate assets of the world's seven largest banks: the American Citibank and Bank of America, the French Banque Nationale de Paris, Credit Agricole and Credit Lyonnais, and the British Barclays Bank and National Westminster Bank.

Q. Since you have mentioned international banks, what could you say about the effect that the present deterioration of the international situation, due to the reckless policies of the Reagan administration, has on the development of this country's fiscal and currency relations with the West?

A. The American authorities are trying to impose a kind of credit blockade on the Soviet Union and the rest of the socialist community. To that end, the US is exercising mounting pressure on its Western partners. We are, naturally, taking the necessary measures to protect our mutual monetary interests, and that is properly appreciated by realistically-minded business quarters in the West. They know perfectly well that a disruption of traditional connections is fraught with most unpleasant consequences, above all, for the capitalist countries themselves. Suffice it to say that at the present time we maintain business links with 1,700 banks in 124 countries.

A disruption of the world banking links can intensify the chain reaction of financial breakdowns. It is no secret that the dollar combinations, or, to be exact, stunts of American ruling circles in international currency markets have already brought more than forty developing nations to the verge of bankruptcy. The chain reaction may overtake Europe as well...

The Soviet Union has had to survive quite a few "blockades" of all kinds since its early years. History is the best teacher. Now this country is a mighty industrial power. It is one of the world's leading gold producers. The Soviet Union's high degree of self-sufficiency in fuel and energy resources, and a high demand for these items in foreign markets coming together with the rising prices of oil and petroleum products, natural gas and other energy-bearing minerals have made for a large increase in export earnings. Diamonds and all kinds of jewelry as well as uranium enrichment facilities have become new major Soviet export items. Licence and patent sales are on the rise. All that creates great opportunities for our banking operations in international currency markets.

The Soviet Union accepts credits from foreign banks to buy machinery and equipment, especially complete factory plant and installations, since long-term crediting of such transactions has become a standing international practice. From time to time, our ill-wishers in the West try to question the purely economic goals and objectives we pursue in using the credits and even the Soviet Union's solvency. However, the business community can well understand that such claims have no foundation. All the more so since the credits we get from capitalist countries are very small in comparison to our capital investments, national income and export potential. Moreover, the monetary system of the socialist countries has recently become stronger. The role of the transferable rouble in international settlements has been growing. The Soviet Union's reliability as a trade partner is common knowledge.

Q. What is the role of banking credit in our overall economic set-up?

A. It is a great role. Our state has vast loan funds at its disposal. These are made up of monetary stocks at the disposal of socialist enterprises, and financial means accumulated through the channels of the budgetary system, as well as the deposits kept by members of the public in savings banks.

Q. Incidentally, is there anything new about the savings banks in this country?

A. Yes, there is. But let me first give you just a few figures. The gross deposits in the Soviet savings banks today amount to 187 billion roubles. During the past year alone these banks performed close to three billion operations for the general public. About seven million working people draw their wages or salaries through savings banks and a further forty million remit part of their earnings to their bank accounts. The total cashless settlements through savings banks during the first three years of the current Five-Year Plan exceeded 112 billion roubles. Now for the innovation that

is due to take effect beginning on February 1, 1984. It is the surplus-interest account for young people, aged between 18 and 30, for a term of up to three years at an annual interest rate of 3.5 percent. Of that interest rate, 2 percent will accrue to the remainder of the deposits every year, and 1.5 percent will be paid out as a premium on deposits that have been kept in savings banks for at least three full years. The reason why we are introducing this scheme is, first and foremost, because we want young people to develop a careful and respectful attitude to the money earned by honest work and effectively help them plan their personal and family budget.

Now back to the loan funds as public property used by the banks for providing short- and long-term credits with which to meet the requirements of the national economy. According to tentative estimates for the opening days of 1984, the short-term credit holdings will exceed 300 billion roubles, while the gross long-term credit investment of the State Bank will be 65 billion roubles.

(IZVESTIA, January 14. Abridged.)

CSO: 1812/131

USSR-WORLD TRADE

CONTENT OF UPCOMING EXHIBITIONS IN USSR DETAILED

Moscow APN DAILY REVIEW in English 29 Feb 84 pp 1-3

[Article by A. Pavlenko: "All Nations Will Attend International Exhibitions in USSR"]

[Text] Please, describe the schedule of international exhibitions to be held in 1984.

V. Komarov, engineer, from Bryansk

The question is answered by A. Pavlenko, Deputy Director General of Expocentre, the association responsible for exhibitions at the USSR Chamber of Commerce and Industry.

On February 7 Stroyekonomiya-84, the first international exhibition on the 1984 schedule, opened in Moscow. An exhibition of road building and construction machinery was the first international exhibition held in the USSR twenty years ago. At the present time, along with ministries and departments, Expocentre holds up to 200 exhibitions of different types in about 60 cities of the country every year.

Experts maintain that while seeing domestic and foreign exhibits and exchanging views at various symposia held within the framework of exhibitions they have more chances to develop modern machinery, equipment and materials, so that these events are regarded by them as catalysts of scientific and technological progress. But the most important thing about all those exhibitions is that they deal with the key problems of the national economy, helping to cope with the tasks set forth by our party. This will be borne out by the exhibitions of this year.

Stroyekonomiya-84 (Moscow, Feb 7-16). The chief subject tackled by this exhibition attended by 16 countries is how to cut the consumption of materials and fuel and energy resources in the construction and construction materials industries.

Metalloobrabotka-84 (Moscow, March 27-April 5). As far as we can see now, this exhibition is going to be attended by about 400 companies, organisations and enterprises from 20 foreign countries, and that's not including Soviet machine-tool manufacturers. Visitors will be shown new equipment involving

electrical erosion, electrochemical, laser, ultrasound and other promising metal working technique. Robot- and computer-controlled metal working machines will be of special interest, as they can do their jobs without an operator during all three shifts. The Soviet Union is going to exhibit its "metal working centre" which weighs 120 tons and is capable of handling large frame parts 8 metres long and 2.5 metres high.

Fruktoyagodprom-84 (Tallinn, April 13-22). The machinery, equipment and instruments to be presented at that exhibition cover the complete technological cycle from growing and harvesting fruit and berries to their packing and transportation. The experts are going to enjoy seeing instruments and devices for defining the quality of fruit, their selection, as well as methods of processing fruit and berry marc.

Inkhlebmash-84 (Alma Ata, May 21-30). It is no coincidence that this exhibition will be held in the capital of Kazakhstan, as during the three decades that have elapsed since the virgin lands began to be developed the republic has become a major grain producing area of the country. The exhibits will include equipment, machinery and instruments for bakeries and pastry-cook's shops, including equipment for making rolls and buns, macaroni, biscuits and wafers.

Selkhoztekhnika-84 (Moscow, May 29-June 7). The 23 sections of the exhibition will present the entire range of modern agricultural machinery and equipment. The exhibits will include equipment for cultivation, harvesting and processing of basic crops, fodder producing machinery as well as devices to be used in livestock and poultry farming.

Sudomontazh-84 (Leningrad, August 30-Sept 9). Modern ships are fitted out with powerful engines, fuel and lubricant supply systems, air conditions devices, navigation, loading and unloading equipment. The equipment for their fitting out will be presented at the exhibition.

Lesdrevmash-84 (Moscow, Sept 11-20). The chief idea of the exhibition is to demonstrate facilities intended for comprehensive utilisation of timber and care for natural resources. Visitors will be shown equipment for rehabilitation of forests, machines for extinguishing forest fires, preparing wood chemical primaries and processing low-quality timber and waste, as well as new materials and structures made of timber.

Kholod-84 (Vilnius, Sept 18-27). Modern cooling equipment and the data storage and retribution systems involved which are to be shown at the exhibition are intended, above all, for processing and cooling of foods. Experts will almost certainly enjoy seeing the cooling devices based on the module assembly principle, equipment for fast freezing of ready-made dishes and semi-finished articles, machines for making dry ice and systems relying on natural cold.

Spetsavtotransport-84 (Moscow, October 19-28). This year's last exhibition will present special means of motor transport. These are to include anything from isothermal vans, tanks and metal carriers to motor-vehicle trains, caravans and trailers for boats.

This year our country will also host national exhibitions by Bulgaria, Poland and India, as well as some special exhibitions to be held within the framework of the 16th Congress of the Federation of European Biochemical Societies and the 27th International Geological Congress, and the Days of Science and Technology in some countries. Some companies, enterprises and organisations will be showing their produce of their own. We hope these exhibitions will promote international cooperation, peace and understanding among nations.

(SOTSIALISTICHESKAYA INDUSTRIYA, Feb. 8. In full.)

CSO: 1812/131

USSR-CEMA TRADE

SOVIET ECONOMIST PRAISES RESULTS OF CEMA INTEGRATION, COOPERATION

Moscow EKONOMICHESKAYA GAZETA in Russian No 6, Feb 84 (signed to press 30 Jan 84) p 20

[Article by R. Ultanbayev, candidate of economic sciences: "Constructive Cooperation"]

[Text] The successes of the countries in the socialist commonwealth are inseparably linked with the activity of the Council of Economic Mutual Assistance which was 35 years old in January 1984. The creation of CEMA was a natural result of the efforts of the CPSU and the other fraternal communist and workers parties to develop economic, scientific and technical ties between the socialist countries.

Today, 10 countries of Europe, Asia and America -- Bulgaria, Hungary, Vietnam, the GDR, Cuba, Mongolia, Poland, Rumania, the Soviet Union, and Czechoslovakia -- form CEMA.

The Dynamism of Development

Using the advantages of a planned economy and relying on socialist internationalism, the commonwealth countries have reached unheard of heights in economic, scientific and technical development and in improving their national well-being.

The cooperation of the CEMA countries has become the most dynamic economic force of today, insuring more than a twofold superiority in the growth rate of national income as compared to the EEC states.

Thus, the produced national income of the CEMA countries during 1950-1982 grew 8.3-fold, at a time when that of the EEC countries increased only 3.3-fold.

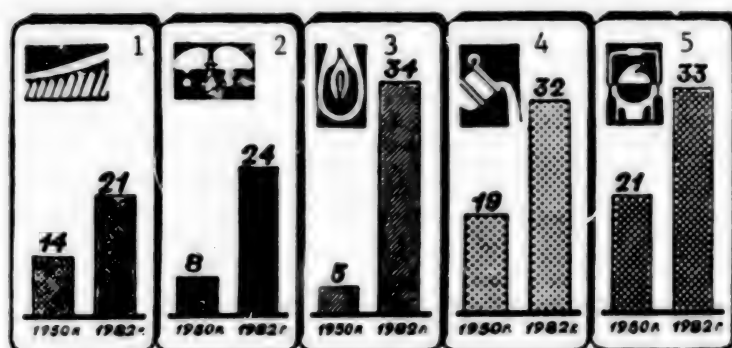
During 1950-1982, the volume of industrial production in the CEMA countries increased 13.2-fold, at a time when that of the EEC countries increased only 3.7-fold. The volume of agricultural production in the CEMA countries increased 2.5-fold as opposed to 2.0-fold in the EEC countries.

Having one-tenth of the world's population, the CEMA countries are a very large economic complex to whose share falls one-third of the world's industrial

production and scientific and technical potential, one-fourth of the world's national income and one-fifth of the world's agricultural production.

The position of the socialist commonwealth in the world's economy has radically changed. As the diagram below shows, its share in the world's production of many types of industrial products has increased significantly.

Table. CEMA Member Countries' Share in the World's Production of Individual Types of Products (in percentages)



Key:

1. Electrical energy
2. Oil and gas condensate
3. Natural gas
4. Steel
5. Mineral fertilizers

Labor productivity on the whole for the CEMA countries increased 5.7-fold during 1950-1982.

The successes in creating industrial potentials, the formation of a modern structure for the CEMA countries' national economies, and the deepening of mutual cooperation accelerated the natural process of bringing the economic developmental levels of the fraternal countries closer together and equalizing them.

Capabilities for satisfying the workers' material and spiritual needs are being constantly increased. The per capita volume of produced national income of the CEMA countries increased 2.7-fold from 1960-1982.

Extending Integration

A great event in the life of the socialist countries was the 23d CEMA (Special) Session (April 1969) during which a joint policy for economic integration was developed by the leaders of the fraternal parties. This policy was confirmed in the Composite Program for Socialist Economic Integration which was unanimously approved during the 25th CEMA Session in July 1971. The Composite Program raised the economic cooperation of the socialist countries to a qualitatively new level.

The Composite Program received further development and more concrete definition in 1978 and 1979 with the adoption of long-range special purpose cooperation programs which defined a coordinated strategy for cooperation out to 1990. The series of practical measures in the area of fuel, energy, raw materials, machine building, agriculture, food industry, consumer goods, and also transportation were a new step in the development and deepening of mutual cooperation and gave the fraternal countries reliable reference points for jointly solving the most important economic tasks.

During recent years, the Soyuz Gas Pipeline, Kiyembayev Asbestos Combine, Ust-Ilimskiy Cellulose Plant, and new capacities for the production of iron ore raw materials and ferro-alloys have been commissioned through joint efforts. The Vinnitsa (USSR)-Albertirsa (Hungarian People's Republic) 750 kilovolt inter-system electrical power line is operating successfully. The construction of the Mozyr Plant for nutrient yeast made from petroleum raw materials and of the four million kilowatt Khmel'nitskaya Nuclear Power Plant with an electrical power line to Zhashuv (Polish People's Republic) has been begun with the participation of the fraternal countries. The large Erdenet Combine for the production of copper and molybdenum concentrate is being constructed in the Mongolian People's Republic, and work is being performed to erect nickel enterprises in Cuba. Cooperation in increasing the production of electrical energy using nuclear power stations is being rapidly expanded.

The CEMA countries have at their disposal a powerful machine building industry whose structure is being constantly improved as production specialization and cooperation between our countries are expanded. During the Seventies, their machine building output grew 2.4-fold, and the mutual exporting of machines and equipment increased more than three-fold. The proportion of specialized product exports increased from 17.7 to 35 percent.

The long-term bilateral programs, whose realization the USSR and the European socialist states have begun during the current five-year plan, are providing a new and powerful stimulus for the further expansion of production specialization and cooperation.

The CEMA countries are specializing and cooperating in the production of Ryad-type electronic computers, equipment for nuclear power plants, machines for drilling wells, devices for the oil and gas trade, anti-friction bearings, metal-cutting machine tools with programmed numerical control, agricultural machines, and other products. The designing of new systems for controlling

production processes; of sets of machines and mechanisms that decrease the use of manual labor; of powerful open-pit mining equipment; of equipment that insures an economic expenditure of fuel and energy; and of machine systems for the complete mechanization of agriculture; and of others, has now become the priority direction in specialization and cooperation.

The role of scientific and technical cooperation, in which up to 3,000 organizations participated at the beginning of the Eighties, has grown. The Interkosmos Program, within whose framework joint flights by cosmonauts of all CEMA countries have been conducted in Soviet ships, is being carried out successfully.

The creation of a planning mechanism for integrated cooperation is one of the important results of the council's entire activity. Cooperation in the area of planning activity has become the main method for extending the international socialist division of labor. It is expressed in consultations on economic policy and forecasting, in long-range programs for cooperation and coordinating five-year and longer range plans, in the agreed plans for multilateral measures in joint planning and in the exchange of management experiences. International socialist competition is being spread on this basis.

The system for currency, financial and credit relationships has been significantly expanded. The transfer ruble services 95 percent of the CEMA countries' foreign trade turnover. From 1964 to 1982, the volume of mutual accounts, which are handled through the International Bank for Economic Cooperation, grew from 20 billion to 162 billion rubles. Since the International Investment Bank began operating, it has given credit to 83 projects with an estimated cost of about 10 billion rubles; and since the commissioning of these projects, goods worth more than 15 billion rubles have already been exported.

During 1950-1982, the mutual trade turnover of the CEMA countries increased 30-fold and reached 149 billion rubles.

Integrated cooperation has become a reliable source for satisfying the national economic requirements of the CEMA countries for many very important types of products. In 1982, our countries satisfied through mutual trade their import requirements for machines and equipment by 68 percent; for fuel, mineral raw materials and metals -- by 61 percent; for food -- by 46 percent; and for industrial consumer goods -- by 61 percent.

The Intensification of Cooperation

The task of shifting the economy to an intensive path of development, which has been put forward during the sessions of the fraternal countries, also assumes an intensification of the CEMA countries' cooperation. A thorough reorganization of the structure of social production on an advanced scientific and technical basis and with a consideration for the mutual supplementing of the socialist countries' economies is being carried out for these purposes. Steps are being taken to work out joint strategic solutions, select effective directions for production specialization, to combine scientific potentials effectively, and to improve the economic cooperation mechanism.

The necessity for shifting to a coordinated economic policy was pointed out during the 26th CPSU Congress and the congresses of the other fraternal parties. This is introducing fundamental changes in the coordination of plans. The commonwealth countries must now approach it on the basis of the program for coordinating 1986-1990 plans, which was adopted in 1982 by the 36th CEMA Session. Their efforts are being concentrated on the priority avenues in cooperation and on solving the tasks of intensifying the CEMA countries' economies and increasing the effectiveness of their mutual ties. The growing production potential of the socialist countries will permit them in the coming years to observe even more fully the principles of mutual benefits and balancing of trade and payment relationships.

The strengthening of scientific and technical cooperation and the acceleration of the introduction of its results into the national economy are now acquiring special importance. The CEMA countries have an enormous scientific and technical potential at their disposal. The maximum use of integration capabilities requires that forces be concentrated more boldly on the main avenues of scientific and technical progress and that, in the final analysis, a unified technical policy be implemented.

The multilateral agreements on the creation of a single unified electronic element base for radio-electronic equipment, communications systems and computer equipment and on the widespread use of microprocessor equipment and industrial robots in the national economy are already contributing to the solution of these tasks.

Cooperation in the high technology branches, which are revolutionizing the entire national economy, is becoming not only an economic but also a large political task.

The fraternal parties have proclaimed the Eighties to be a period of intense production, scientific and technical cooperation. This requires the more complete use of cooperation reserves at the enterprise level. Measures are being developed in the countries to expand the rights and to increase the interests of enterprises in establishing direct integration ties.

The 37th CEMA Session, which was held in Berlin during October 1983, was a new step on the path of strengthening our countries' cooperation. It examined and approved as one of the most important intensification factors the basic directions for expanding cooperation in the economic and rational use of fuel, energy and raw material resources, including secondary ones. The development of cooperation in producing energy-saving and resource-saving equipment and the expansion of reciprocal information on progressive experiences for its very rapid use are being provided for these purposes. The development of a long range-program for cooperation in this area out to the year 2000 has been recognized as being necessary.

The session approved comprehensive measures to improve the supplying of the fraternal countries' population with food products. Joint measures were defined for supplying agriculture and the food industry with advanced equipment, for the fuller and more rational use of agricultural raw materials, and for the development and introduction of advanced technologies.

The socialist countries possess everything necessary for progressive development and for the solution of complicated economic tasks. At the same time, the fraternal countries cannot fail to take into consideration the adventurist policy of American imperialism which is endeavoring to use trade as a means of political pressure. In order to strengthen the technical and economic independence of the socialist countries, the 37th CEMA Session adopted measures to accelerate the development of production and mutual deliveries of products whose importing is difficult because of the discrimination policy being followed by some Western countries.

More than a third of a century of constructive cooperation between the fraternal countries within the CEMA framework convincingly demonstrates the vitality and invincible force of the Leninist principles of socialist internationalism. Guided by them, the communist and workers parties are leading our countries to a new and qualitatively even higher level of integration. Yu. V. Andropov said during the June 1983 CPSU Central Committee Plenum: "Without it, it would be impossible to imagine today the life of the socialist commonwealth countries. In the future, integration will become ever deeper, all-embracing and effective, reliably insuring the strengthening of the national economies of the member countries. Our joint efforts are directed toward this".

8802

CSO: 1825/77

USSR-CEMA TRADE

ARTICLES DESCRIBE ROLE OF INTERNATIONAL CREDIT IN PROMOTING CEMA INTEGRATION

IBEC, IIB Activities Summarized

Moscow ARGUMENTY I FAKTY in Russian No 50, 13 Dec 83 p 4

[Article by V. Lyakin, candidate of economic sciences: "At the Service of Progress: Activity of the Collective Banks of the Socialist Countries"]

[Text] This October marks the 20th anniversary of the International Bank for Economic Cooperation [IBEC], the first collective bank of socialist countries in history. The bank's founders are Bulgaria, Hungary, the GDR, Mongolia, Poland, Romania, the USSR and Czechoslovakia. In 1974 Cuba became a member of the IBEC, and in 1977 the Socialist Republic of Vietnam.

The Bank's Purpose

The IBEC has been assigned the function of issuing notes, that is, releasing into the circulation of payments the collective socialist currency--and of organizing settlements among the CEMA member countries in this currency related to their trade with one another. Use of the transfer ruble affords the fraternal socialist countries the possibility of making all necessary mutual settlement without resorting to the U.S. dollar or other capitalist currencies. This guarantees the independence of the circulation of money on the international socialist market and of the economic relations among CEMA member countries from the capitalist monetary system which is in crisis. Under the conditions of the aggravated struggle between the two opposing social systems, this independence has great importance not only for economic reasons, but also political reasons.

The system of credit financing in transfer rubles is an inseparable part of international settlements conducted by the IBEC. The bank issues credit for a period up to 3 years to cover a temporary shortage of the own capital of the member countries in transfer rubles, which ensures the uninterrupted flow of payments in visible trade among them. Over the 20 years of IBEC's activity all the member countries, including the Soviet Union, have repeatedly taken credits from their collective bank.

The steady growth of the IBEC's operations are indicative of its successful operation.

<u>Year</u>	<u>Sum Total of Credits IBEC Has Granted, in millions of transfer rubles</u>	<u>Volume of Mutual Settle- ments Among Member Coun- tries of IBEC, in bil- lions of transfer rubles</u>
1964	22.9	1,510.8
1965	24.1	1,806.8
1970	35.4	1,975.2
1975	66.9	4,097.2
1980	122.9	9,702.9
1981	140.2	11,738.8
1982	161.8	12,351.7

Resources of IBEC

The bank has been allocated capital under its charter in order to carry out the tasks assigned it. This capital was originally set at 300 million transfer rubles. In connection with enrolling the Republic of Cuba and the Socialist Republic of Vietnam as members of IBEC, founding capital was increased to 5.3 million transfer rubles. The assessments (shares) of the member countries in the founding capital were determined in proportion to the size of their exports in the total volume of mutual trade.

IBEC credits are extended for compensation. The bank's interest rate policy is based on the application of stable interest rates set at levels which stimulate economical use of credits by the countries, promote accumulation of resources and guarantee profitability of the bank's operations. At the same time IBEC does not set itself the goal of using bank interest in order to realize large profits.

Interest rates on IBEC credits in transfer rubles are differentiated as a function of the types and terms of the credits within the range from 2 to 5 percent per annum. We should note for the sake of comparison that on capitalist currency markets the interest now being collected on borrowed funds in, say, U.S. dollars is at the level of 10 percent per annum. The high cost of credit in the capitalist world places a heavy burden on the economy of the borrowing countries and is one of the principal reasons why about 40 developing states have been compelled to declare themselves unable to pay in recent years.

Aside from operations in transfer rubles, the IBEC also conducts operations customary in international bank practice in convertible currency and gold. It obtains foreign exchange from capitalist banks in the form of credits and deposits and then furnishes them mainly to the CEMA member countries to finance purchases of necessary goods in the West.

Thanks to its irreproachable activity, IBEC has earned deserved prestige and confidence in international banking circles. It maintains correspondent relations and conducts operations with more than 300 of the world's largest credit institutions.

Equality and Mutual Assistance

Democratic principles are the basis of the bank's organization and activity. IBEC does not have supergovernmental functions, it does not plan the financial policy of the bank's member countries, nor does it monitor that policy. IBEC credits are granted on the most favorable terms and do not contain requirements which to even the slightest degree would infringe on the national interests of the participating countries.

Regardless of the share of the countries in IBEC's founding capital, they each have one vote in settling issues related to the bank's activity. All decisions in the bank are binding only if they are adopted unanimously. The collective and truly internationalist character of IBEC is manifested with particular distinctness when the principles of its activity are compared to the corresponding financial and banking organizations of the capitalist world: for example, with the International Monetary Fund, in which the member countries are given votes in proportion to the size of their assessment in the capital of the IMF. For instance, the share of the United States is about 20 percent of all the votes in the IMF, which has 146 countries as members. This guarantees the United States actual control over the fund's activity, allows it to dictate its own economic and political will to the other members of this organization, above all members who are among the developing states.

To Speed Up Construction

The second collective bank of the CEMA member countries--the International Investment Bank [IIB]--also vigorously promotes development of socialist economic integration. It was created in 1970 with founding capital of 1,071.2 million transfer rubles for purposes of long-term and medium-term credit financing of capital construction in the fraternal countries. In performing its functions IIB extends credit to finance construction of projects which have great importance to integration, that is, projects whose products will be delivered on the international socialist market and will meet the needs of many CEMA member countries.

Since the beginning of its activity IIB has extended credit to finance 83 projects with an estimated cost of about 10 billion transfer rubles. The bank has extended credit in an amount exceeding 3.5 billion transfer rubles for these construction and reconstruction projects. Among the most important projects financed with credit from the bank we should name construction of the main gas pipeline from Orenburg to the western border of the USSR, reconstruction and expansion of the "Ikarus" Motor Vehicle Plant in Hungary and the "Tatra" Motor Vehicle Plant in Czechoslovakia. In all, goods worth more than 15 billion transfer rubles have already been exported to the CEMA member countries from projects financed with credit from the bank.

The results of the activity of IBEC and IIB allow us to say with confidence that the collective banks of the CEMA member countries are reliably serving the cause of strengthening socialist economic integration and successful performance of the economic and social problems confronting the peoples of the socialist commonwealth.

Examples, Principles of Credit Presented

Moscow POLITICHESKOYE SAMOOBRAZOVANIYE in Russian No 11, Nov 83 (signed to press 21 Oct 83) pp 89-97

[Article by G. Mazanov and N. Blinkov: "International Socialist Credit--An Effective Factor for Economic Integration"]

[Text] Socialist economic integration, which has today become a constantly operating factor in their comprehensive progress, has become an inseparable feature of the life of the CEMA countries. At the June (1983) Plenum of the CPSU Central Committee, Comrade Yu. V. Andropov emphasized: "We are striving ... for a qualitatively new level of economic integration. Even today it is impossible to imagine the life of the countries of the socialist commonwealth without it. In future integration will become still more elaborate, all-inclusive and effective, reliably guaranteeing a strengthening of the national economies of the participating countries. It is at this that our joint efforts are directed."

The development of economic integration requires that its participants pool their physical, scientific-technical, labor and financial resources. The role of international socialist credit as an important form of economic cooperation and a necessary condition for following the main lines of integration, above all in the field of investment cooperation, is also enhanced in this connection. The role and place of this kind of credit can be correctly understood only if one takes into account its nature, which is predetermined by socialist production relations and also by the specific tasks which it is called upon to perform in the particular stages of cooperation among the CEMA countries.

The Nature, Role and Forms of International Socialist Credit

International credit is known to have existed even in very ancient times. During the last century it became one of the basic forms of world economic relations. International credit of the capitalist countries is essentially one of the forms of export of capital. The form it takes is that the countries furnish one another monetary and commodity resources for temporary use and disposition. The imperialist states and monopolies use international credit as a weapon in competitive struggle and a means of foreign expansion to secure sources of cheap raw materials and to expand markets, spheres for investment of capital, and so on.

Credit is also widely used in mutual relations among the countries of the socialist commonwealth. But its economic content is radically altered. The credit used within the framework of the commonwealth of fraternal countries, as an objective economic category, has been developing under the conditions of international socialist production relations, which take shape among states with the same type of social system in relation to the production, distribution, exchange and consumption of products. International socialist production relations are organically related to the internal social relations from which they have sprung and of which they are an extension.

The birth and development of international socialist credit is bound up with the existence of commodity-money relations within and among the socialist countries. The objective nature of these mutual relations derives from the international socialist division of labor and the national-state separateness of the national economic complexes of the socialist countries. Under those conditions products produced can be sold between the states as the owners of their own national social product only by means of money (foreign exchange). Credit figures here as the economic form of the use of money as a means of payment. The nature of international socialist credit lies in the mutually advantageous movement of material and money resources from one socialist state to another in order to increase production efficiency, to speed up the economic and social development of each country and the commonwealth as a whole, and to strengthen the fraternal cooperation of the socialist countries.

It is also characteristic of international socialist credit that it is planned in nature. The extension, use and repayment of credit are provided for in national economic plans and in the state budgets of the creditor countries and debtor countries. Credits are extended on the basis of terms and conditions agreed on in advance and set forth by agreement among the countries and they are restricted to the specified purpose. They are used for effective performance of specific economic tasks, above all to develop the most important branches of social production.

The credit used by the fraternal countries is structured on the principle of repayability, i.e., it is repaid within the stated term. Direct economic motivation of the borrowing country to employ the borrowed resources effectively and productively is ensured thereby. The country which receives credit in the form of money and material resources is obligated to pay the creditor country a certain interest.

International socialist credit has been developing and improving in accordance with the conditions and tasks of the various stages of mutual economic cooperation among the socialist countries. In the initial period of socialist construction in the CEMA countries (up to the latter half of the fifties) it figures mainly as an instrument of economic aid, above all from the Soviet Union. To be specific, it was manifested in the preferential terms and conditions under which the credit was granted: the low cost (interest rates 1-2 percent per annum, and sometimes with no interest collected), the commodity form in which the credit was extended and repaid (including even a number of credits denominated in foreign exchange), and the lengthy repayment periods. The favorable terms and conditions of the credit have helped the borrowing countries to overcome difficulties in their economic development and to take the strain off the balance of payments.

The transition to economic development on the basis of 5-year plans in all the countries of the commonwealth and the immense scale of socialist construction predetermined the scale of the countries' needs for external resources. The credits are becoming larger and are taking on more of the character of long-term investments. Multilateral cooperation in capital investment projects is developing more widely. For instance, organizations of the GDR, Poland and the Czechoslovakia are participating in construction of a pulp combine

in Braila (Romania). Bulgaria, Hungary, the GDR, Poland and Czechoslovakia have undertaken participation in construction of an enterprise to produce ground phosphate rock at the Kingisepp Deposit in the USSR. At present investment credits extended to pay for complete deliveries of entire industrial enterprises, large-scale equipment for certain projects and technical aid in their construction have the principal importance to the socialist countries. The role of this kind of credit is growing constantly.

Differing forms of credit are used in the practice of socialist countries: either in goods or in foreign exchange. The CEMA countries extend all credits to one another both on a bilateral and also a multilateral basis. With respect to the nature of credit financing and the contractual and legal form, credits are divided into international governmental credits (which states grant directly on the basis of specific credit agreements they have concluded); interbank credits (mutually extended by agreement among the national banks, authorized to make settlements related to foreign trade); and the credits of the international banks which are extended by the International Bank for Economic Cooperation (IBEC) and the International Investment Bank (IIB).

The major portion of credits among the countries of the socialist commonwealth is extended in transfer rubles. Their use as the currency for international socialist credit guarantees equal rights and opportunities for all countries participating in socialist credit relations, creates a relatively stable monetary basis for credit financing, and thereby safeguards socialism's credit system from the upheavals of capitalism's monetary system, which is in crisis (credit financing in transfer rubles is treated in more detail in the article by Yu. Konstantinov entitled "An Instrument of Socialist Economic Integration"—POLITICHESKOYE SAMOOBRAZOVANIYE, No 6, 1981).

Aside from mutual credit relations, the socialist countries use credits and loans from the capitalist states. They serve as one of the additional factors in development of the socialist economy and in stabilization of international economic relations. But at this point we need to take note that economic relations, and credit relations in particular, have recently been used by the capitalist states as a means of political pressure on the socialist countries. The invoking of all kinds of prohibitions and discriminatory sanctions in the fields of trade and monetary finance by the U.S. administration toward Poland is a glaring example of this. That is why it is so important for the socialist countries to conduct a well-considered and realistic policy in credit relations with the capitalist states.

The socioeconomic nature of international socialist credit predetermines its fundamental difference from international credit under capitalism. This is manifested quite visibly when the credit relations of the countries of the socialist commonwealth with the developing countries are compared with respect to all basic characteristics with those maintained by the industrial capitalist countries with the developing countries.

The immediate purpose of capitalist creditor countries is to obtain maximum profit, and the strategic goal is to introduce capitalist relations into the

developing countries, to integrate those countries into the capitalist mechanism for reproduction. That is why the capitalist countries prefer to extend credits to the developing states to build projects primarily in the nonproduction sphere, putting every kind of restriction on credits to build industrial enterprises. The purpose of the credits of the socialist states, on the other hand, consists of promoting construction of the industrial base in the developing countries; this credit is directed above all to development of the key sectors of the economy of those countries.

For example, the conditions under which private capitalist credits are extended are distinguished by the high level of the charge (the rate of interest is as high as 18 percent per annum), by the burdensome form of repayment (in convertible currency). Moreover, the borrower is required as a rule to use the credit extended solely to purchase goods from the creditor country.

At the present time the developing countries have an immense debt to the capitalist industrial country arising out of credit. The annual servicing of that debt takes up between 15 and 40 percent of the debtor country's proceeds from exports. By contrast with this, the credits of the socialist states, which are directed to a considerable extent toward industrial development, help to augment the accumulation fund in the developing countries and thereby a progressive socioeconomic restructuring of the economy. The important thing is that the rate of interest on these credits is far lower than on the credits obtained from the capitalist countries.

The countries of the socialist commonwealth and the developing countries have a mutual interest in further expansion of international economic cooperation, including cooperation in the field of capital investments. The socialist states are using their credits to actively contribute to guaranteeing the economic independence and self-sufficiency of the developing countries and to the strengthening of their productive potential.

Spheres of Application of International Socialist Credit

The effectiveness of international socialist credit depends to a considerable degree on proper election of the principal spheres of its application. At the present time the most important field of application of the credits is the performance of integrative measures by the fraternal countries in the field of scientific-technical progress. As is well known, physical and financial resources on a growing scale are required for this. Here again it is of decisive importance to have a sufficiently large amount of accumulation so that the advances of science and technology can be fully utilized by means of large capital investments (investment projects). It is not always possible to perform such tasks within the limits of a single country, especially a small one: the growing need for capital investments comes up against the relative shortage of investment resources.

As a consequence an objective need arises to use not only national accumulation funds, but also external sources of physical and financial resources within the framework of the entire socialist commonwealth. The credits extended by the fraternal countries in order to develop the scientific base of

a given country act at the same time as an important factor toward international specialization in the field of scientific research and thereby promote expansion of scientific-technical relations among the CEMA countries. One of the possible forms here is for the interested countries to set up specific intergovernmental investment funds, which are usually used as an additional source of resources to carry out national comprehensive scientific-technical programs, whose results and importance as a rule extend beyond the limits of the individual countries. The joint financing of a portion of capital investments committed to the performance of scientific-technical measures in the most important fields and to creation of the optimum structure of social production comprise the first important sphere of application of international socialist credit.

As is well known, the center of gravity of integrative processes in the world socialist economy lies in the sphere of production. The character, dynamic behavior and lines of development of production relations among the socialist countries ultimately determine the results and depth of economic integration on the scale of the entire socialist commonwealth. This presupposes the need for further development and deepening of specialization and cooperation as the most important forms of production cooperation. "The CPSU and other fraternal parties," the 26th CPSU Congress pointed out, "are adopting a course toward turning the next two 5-year plans into a period of intensive industrial cooperation and scientific-technical cooperation among the socialist countries."

Performance of measures related to specialization often involve for the participating countries the need to retool production capacities as well as to build new enterprises or expand existing ones. The countries must, of course, make additional capital investments for that revamping. The relatively limited nature of national investment resources in the individual countries is overcome on the basis of the collective efforts of the fraternal countries, above all by coordinating their capital investments.

Under those conditions international socialist credit promotes the development of production specialization and industrial cooperation and acceleration of the growth rates of production, and it also figures as an effective means of distribution of the financial load among the interested countries for purposes of carrying out the measures to be performed. The objective basis for expanding the opportunities for the use of credit is created by the mutual economic interest of the countries. The borrower country needs to obtain capital to organize highly efficient production and accordingly to realize all those economic advantages afforded by a specialized enterprise. The creditor country is for its part interested in the expansion of production and export of the equipment, machines and units which are the form in which it is extending credit, and consequently, in obtaining specialized products from the borrower country. The joint financing of capital investments related to measures for developing intergovernmental production specialization and industrial cooperation constitutes the second basic sphere of application of international socialist credit.

The socialist countries as a whole possess sufficient reserves of practically all raw materials and fuel to meet the growing needs of their economy.* At the same time there are certain difficulties on the world socialist market in furnishing fuel and energy resources and raw materials to all the fraternal countries. They have resulted from the natural-geographic conditions of the various countries, but the main causes are economic.

They include, to be specific, the high capital intensiveness of the production of raw materials, the growth of one-time outlays to maintain the level of recovery already achieved, the lengthy period of time for construction of enterprises in the extractive industry and for attainment of their rated capacity. The operation of these factors is holding back development of capacities in the extractive industry of exporting countries and is making it more difficult to meet the rapidly growing needs of the CEMA countries for the principal raw materials and fuels. "At this point," the 26th CPSU Congress pointed out, "it is impossible to imagine confident development of any socialist country, successful solution of the problems it has, such as obtaining energy resources and raw materials, and the introduction of the most recent advances of science and technology without ties with the other fraternal countries."

Under those conditions the greatest importance is being paid to the pooling of financial resources and physical resources of the CEMA countries in order to develop the extractive branches. This makes it possible to overcome the limited nature of the financial resources of the individual countries, to ensure economically advantageous and uniform distribution of investments among them, and to ease the financial burden on the countries which are exporters of raw materials, fuel and electric power. Conditions are being created for a more concentrated and effective use of capital investments in the common interest. Thus the joint financing of capital investments to develop the raw materials and fuel branches comprises the third important sphere of application of international socialist credit.

Under the conditions of socialist economic integration the investment cooperation of the CEMA countries is being enriched with qualitatively new features. Its planning foundations are being strengthened, and it is becoming larger in scale, specific in purpose, and multilateral in nature. Long-term credit financing of specific purposes is becoming widespread. The essence of this form of investment cooperation consists of the participation of interested countries in extending credit to build industrial projects of interest to two or more states. This form of credit financing involves the geographic movement of capital investments, since the enterprise remains the property of

* In 1980 mutual deliveries among the CEMA countries met 94-95 percent of their needs to import bituminous or better coal and lumber, 68-70 percent of their needs to import crude petroleum and iron ore, and so on. The USSR covers nearly 90 percent of the import needs of the CEMA countries for petroleum products and 99 percent in the case of natural gas. During the current 5-year period the Soviet Union is increasing by more than one-third its deliveries to the CEMA countries of electric power, fuels and raw materials, and supplies.

the state on whose territory it is built through the joint efforts. This gives rise to a certain specific feature in the granting and repayment of intergovernmental credits of this kind.

The creditor countries furnish the borrower country deliveries of goods as an advance in proportion to their respective shares in construction, to which they are credited. The earmarked nature of these deliveries lies in the fact that a substantial portion of them, as a rule the obligatory portion, consists of equipment, machines and materials necessary for construction of the project in question, whose products the creditor countries are interested in obtaining.* The sum of the credit and the interest on it is usually repaid with deliveries of products from the project built jointly. The compensation nature of long-term special-purpose credit financing is its determining characteristic. The borrower country usually commits itself to delivering those products to the creditor country even after the credit has been repaid.

This kind of credit form of cooperation has become widespread above all in the fuel and energy and raw materials branches of industry. Long-term earmarked credits were used to build the pulp mill at Ust-Ilim in the USSR under a general agreement among Bulgaria, Hungary, the GDR, Poland, Romania and the USSR (1972), in building the Kiyembayevskoye Asbestos Mining and Dressing Combine under a general agreement among Bulgaria, Hungary, the GDR, Poland, Romania, the USSR and Czechoslovakia (1973), in building the Vinnitsa--West Ukraine (USSR)--Albertirsa (Hungary) electric power transmission line under an agreement among Bulgaria, Hungary, the GDR, Poland, the USSR and Czechoslovakia (1974). Long-term credits have been extended to our country by other fraternal states on a "turnkey" basis in building the "Soyuz" trunk gas pipeline (from Orenburg to the western border of the USSR) under a general agreement among Bulgaria, Hungary, the GDR, Poland, Romania, the USSR and Czechoslovakia (1974).

In addition to the granting of credits, other forms of cooperation involving financial resources for investment have also developed in the practice of the CEMA countries. The principal forms are financing on shares the joint construction and operation of projects and also shared participation in the formation of funds.

Joint construction is financed on shares when projects being built and operated are located on the territory of more than one state. In this case each of the countries finances that portion of the expenditures involved in the construction with its own manpower and resources and in the operation of that portion of the project which is located on its own territory. This form of cooperation on capital investment projects has been used to carry out a number of large-scale projects of general regional significance: in building the "Friendship" petroleum pipeline, in setting up the "Peace" unified electric power system, in building the "Iron Gates" Hydropower Station on the Danube, and a number of other projects.

* Use of credit in joint construction of "turnkey" projects has certain specific features. In this case the creditor country itself builds the project or a part of it on the territory of the borrower country as part of the credit being extended.

Another form of international pooling of financial resources for investment is shared participation in the creation of the capital involved in construction and operation of joint enterprises by interested countries. Foundation capital is formed on parity principles from the subscription shares of the countries. The principle of equality of the parties is observed both in creation of the fixed capital, both money and productive plant, as well as in distribution of the income. The form of the shared participation in fixed capital has been used, for example, in the building and operation of such joint production enterprises as the Polish-Hungarian company "Khaldeks" (since 1959) to extract coal and other valuable raw materials from the coal waste in Poland according to a method developed by Hungarian specialists: the "Friendship" Cotton Spinning Mill of Poland and the GDR (since 1972); and the Soviet-Mongolian mining and ore-dressing enterprise "Erdenet" (since 1973).

Certain problems have arisen during development of international socialist credit, and their solution will increase the effectiveness of this form of mutual cooperation. For instance, the problem of the goods representing credit and its repayment is still an urgent one. The reason is that sometimes the creditor country lacks the goods necessary to make up the credit granted strictly according to its purpose and time. It is important here to coordinate commodity deliveries representing credit being granted in such a way that the economic load on the supplier countries is distributed as uniformly as possible. There is a need for a more consistent theoretical and methodological treatment of the question of levels of interest rates on credits. They must reflect with greater economic soundness the mutual reimbursement of expenditures of socially necessary labor by the creditor country and the borrower country. The problem of commodities representing interest on credits of the IIB and IBEC in transfer rubles continues to be an urgent one. The countries of the socialist commonwealth are seeking a solution to these and other problems in the directions of further development and elaboration of all forms of economic cooperation in the spheres of production, foreign trade and monetary-financial relations.

Role of the International Investment Bank in Development of the Credit Relations of the CEMA Countries

As we see, international socialist credit has become an effective instrument in the joint investment activity of the CEMA countries. The planned regulation of intergovernmental credit relations presupposes that the interested countries set up appropriate international organizations and institutions (banks, funds, and so on). This is embodied above all in the formation and functioning of the international (collective) banks, which are closely connected by extensively developed business relations with one another and with the national, central and specialized banks of the socialized countries. The principal function of this kind of banking system is the concentration and pooling of financial resources and their most effective use in the interests of the development of each of the countries and in the deepening of socialist economic integration as a whole.

The International Investment Bank (IIB) of the fraternal states has an important role in that system. It began its activity in 1971. All CEMA countries are its members. The bank's general goal is through the system of long-term and medium-term credit to promote in every way the development and deepening of socialist economic integration, the expansion and deepening of mutual economic cooperation of the fraternal countries, and the greater concentration of resources for capital construction and for their coordinated use.

The IIB participates in the drafting of measures to coordinate the national economic plans of the bank's member countries in the domain of capital investments and the supply of goods for projects being financed with credit from the bank. In deciding the question of granting credit for performance of particular large-scale measures or for construction of projects of interest to several fraternal countries, the bank pays attention to recommendations on coordination of the national economic plans of the CEMA countries and to the existence of relevant long-term agreements or other understanding on the performance of the measures outlined, on construction of the projects, and also on sale of the products produced as a result of the project.

The IIB grants credits to the countries of the socialist commonwealth in the collective currency (transfer rubles) and also in convertible currencies. As a rule the credit is repaid in the currencies in which the credit was granted or in other currencies by agreement between the bank and the borrower. The periods for repayment of the credit are set so as to take into account optimum conditions for repayability of the outlays for construction of the projects being financed with credit. Medium-term credits are granted as a rule for periods up to 5 years, and long-term credits up to a maximum of 15 years.

The activity of the International Investment Bank and the participation of the fraternal countries in it are based on truly democratic principles of organization and management. The IIB, and also the International Bank for Economic Cooperation, which has been operating successfully, are international monetary-financial organizations of a new type, based on fraternal cooperation, socialist mutual assistance and the sovereign equality of states.

The IIB actively promotes expansion of cooperation in the capital investment field, development of multilateral relations in the investment field, and the solution of complicated problems in furnishing foreign exchange and financial backing for joint integrative measures of the CEMA countries. The bank extends credit above all to projects whose construction will make it possible to meet more fully the needs of the CEMA countries for the relevant product and to raise labor productivity and production efficiency. The IIB accordingly envisages such conditions as guaranteeing the manufacture of products that meet the best world standards and a higher scientific-technical level; attainment of the optimum volume of output and period of time for the enterprise which has been built to pay for itself; the existence of the necessary raw materials base, markets, and so on. All of these conditions make it possible for the bank to judge the importance to integration of the projects accepted for credit financing.

Over the period 1971-1982 the IIB accepted for credit financing 83 projects in the CEMA countries and Yugoslavia with an estimated cost of about 10 billion transfer rubles. The bank extended credit in an amount exceeding 3.5 billion transfer rubles to finance construction and reconstruction of those projects. All the projects were envisaged by the Coordinated Plan of Multilateral Integrative Measures of the CEMA Member Countries, agreements on production specialization and industrial cooperation, and also national economic plans. In the distribution of the total amount of credit extended for investments the largest proportion went to build projects in the fuel and power industry (about 70 percent of the total amount of credit), and then machine-building and electronics (19 percent), and metallurgy and the chemical industry (9 percent).

Over that same period 56 projects financed with credit from the bank were put into operation. Over the period 1972-1982 exports of their products amounted to about 15 billion transfer rubles. Deliveries of products produced at these enterprises are helping to expand the mutual visible trade among the fraternal states and to reduce purchases of the respective goods from the capitalist countries.

Credit from the bank to finance construction of the "Alliance" gas pipeline has very great importance; the participating countries have been granted credit in the amount of 2.4 billion transfer rubles for this project, including credit in convertible currency to pay for pipe, compressor station units, construction machines and machinery purchased in the capitalist countries. The International Investment Bank intends to use the experience gained in the credit financing of the "Alliance" gas pipeline in its own activity related to the credit financing of other large-scale integrated projects.

Among the large number of projects which the bank has accepted for credit financing, note might be taken of the following.

In Bulgaria--construction of the Sofia--Varna, Sofia--Burgas and Varna--Burgas highways, envisaged by the long-range target program of cooperation in development of transportation connections of the CEMA countries. The opening of these highways will make it possible to considerably increase transit passenger traffic through Bulgaria.

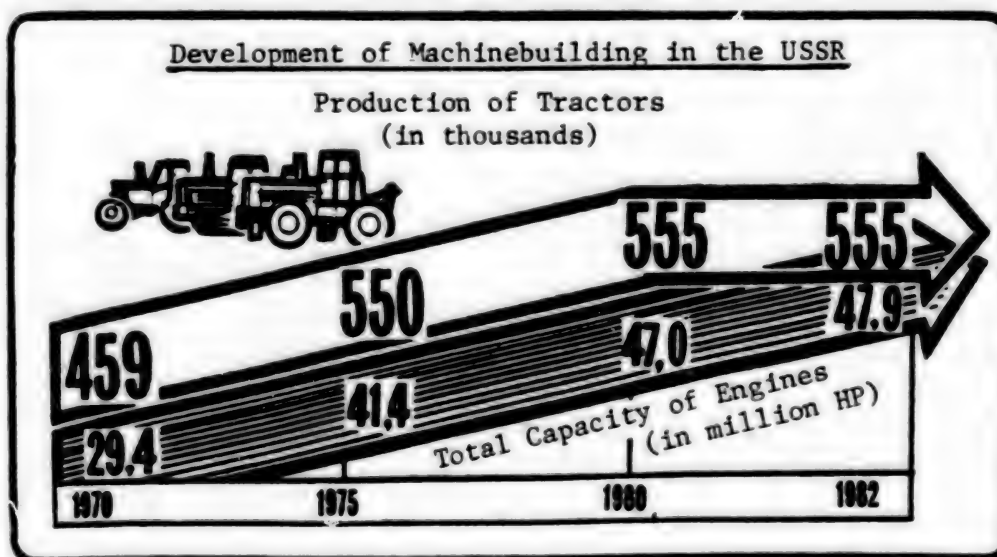
In Hungary--expanded production of buses at the "Ikarus" Plant and performance of measures to improve their quality; electrification of the Szob -- Budapest--Lokoshazi Main Rail Line, and also conversion of rail lines adjoining the main line to diesel traction. This will increase transit freight traffic between the USSR and other CEMA European countries.

In the GDR--reconstruction and expansion of the production capacities of the "Umformtechnik" Machinebuilding Combine Erfurt, which is a very large manufacturer of highly productive forging and pressing equipment. This equipment is being used at such motor vehicle plants as "KamAZ" and "ZIL" in the Soviet Union, "Skoda" and "Tatra" in Czechoslovakia, the "Ikarus" Bus Enterprise in Hungary, the "Fiat" Car Factory in Poland and the "Dacia" Car Factory in Romania.

Romania has received credits for expansion and reconstruction of plants to produce rail freight cars at Arad and Caracal and also for construction of an enterprise to manufacture caustic soda and chlorine products in Giurgiu and a plant for production of polyisoprene rubber in Borsec. The products of these enterprises are also intended for export to other countries which are members of the bank.

The International Investment Bank has also begun to extend credits to those countries which are not its members. For instance, the first such credit was extended to Yugoslavia in 1978 to carry out the modernization and expansion of the productive capacity of the "Tang" Plant, which manufactures tool kits for automobiles.

The strengthening of economic and political cooperation and solidarity of the countries of the socialist commonwealth constitutes the main direction of the international activity of the CPSU and the fraternal communist and worker parties. The country's ever more extensive use of international socialist credit in intensification of their mutual economic cooperation is conducive to the development of the objective processes of internationalization of the economic life of the CEMA countries and figures as an effective factor toward socialist economic integration. It is contributing to the further growth of the economic potential of each fraternal state and of the socialist commonwealth as a whole and to the rise in the prosperity of the workers.



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USSR-CEMA TRADE

USSR-CEMA ECONOMIC ACTIVITIES SUMMARIZED

Moscow SOVIET EXPORT in English No 6 (147), Nov-Dec 83 pp 3, 4, 7

[Article by V. F. Balybin, executive secretary of the Soviet Part of the CEMA Standing Commission on Foreign Trade: "CEMA Countries: Long-Term Many-sided Cooperation"]

[Text] From Plan Co-ordination to Joint Economic Policy

World economic practice offers ample evidence to show that the progress of productive forces is becoming increasingly dependent on the level of their internationalisation. The member-states of the Council for Mutual Economic Assistance promote the most progressive form of the internationalisation of productive forces, namely, socialist economic integration. The groundwork for co-operation was laid by the Comprehensive Program for Socialist Economic Integration adopted in 1971. The Program is called upon to accelerate the development of productive forces in all CEMA member-states, to improve the structure and to broaden the scale of production, to meet the CEMA countries' growing fuel, raw materials, machine, equipment and consumer goods requirements. Besides that, the Comprehensive Program provides for a gradual levelling up of the socialist countries' economic development standards.

Over the years of co-operation, the CEMA countries have worked out near-optimum forms and methods of solving their common problems. A comprehensive mechanism for planning and controlling socialist economic integration has taken shape, while new forms and methods of co-operation evolve from year to year. There have emerged and developed of late such important instruments of integration as long-term purpose-oriented programs of co-operation in the development of the vital spheres of material production; co-ordinated plans for multilateral integration activities; co-ordination of the CEMA countries' economic and social development plans; long-term programs (general schemes) for the promotion of specialized and joint production during the period ending in 1990...

The long-term purpose-oriented programmes of co-operation are an important means towards resolving basic economic problems. They provide for the pooling of the CEMA countries' efforts in tackling energy, raw materials, transport and food problems, as well as problems involved in keeping these

countries' economies supplied with modern machinery and meeting their consumer goods requirements.

The CEMA countries approved the second Co-ordinated Plan of multilateral integration activities which provides for co-operation in solving many economic problems during the period 1981-1985. The plan envisages, in particular, joint development of the atomic engineering industry, the construction of atomic power plants, the erection of power transmission lines, further development of the chemical industry, and computer production, etc. I shall mention here only a few of the projects named in the Co-ordinated Plan. In the USSR, the Soviet Union, Hungary, Poland and Czechoslovakia are jointly building the 4 million kW Khmelnitskaya atomic power station and a 750 kV power transmission line which is to supply electricity to the countries concerned. In building a nutrient yeast factory near Mozyr, the Soviet Union has the co-operation of the GRD, Cuba, Poland and Czechoslovakia.

The Co-ordinated Plan provides for the implementation of 13 major specialised and joint production projects. In many cases the extent of specialisation is unparalleled anywhere in the world. In 1981-1985 Czechoslovakia, for instance, plans to channel 40 per cent of its capital investment in mechanical engineering into atomic power plant production.

As far as planning is concerned, co-ordination of the CEMA countries' national economic development plans is of vital importance. In co-ordinating their plans, the member-states work out their common long-term economic strategy. While co-ordinating their plans for 1981-1985, for instance, they signed more than 120 multilateral agreements on co-operation in vital spheres of material production. Many of them run for periods extending well beyond the year 1990.

At its 36th session (1982) the CEMA adopted a program of co-ordination of the CEMA countries' national economic development plans for 1986-1990. This program lays down the CEMA countries' long-term foreign trade strategy. An important distinguishing feature of the new program for co-ordinating plans is that it also co-ordinates the CEMA member-states' economic policy in general. All the above-mentioned forms of co-operation add up to an integrated complex of mutually complementary activities.

Trade Among the CEMA Countries Accounts for 60% of Their Total Foreign Trade Turnover

The economic situation in the eighties demands that the CEMA countries intensify their economic development, save labour, raw materials, energy, fixed assets, land, water and other resources. This can only be done by joint efforts, which will also help carry out the vital social and economic objectives set by the CEMA countries' five-year economic development plans: stimulating progress in the industry and agriculture, improving the well-being and cultural standards of the people.

The steadily broadening trade and economic co-operation among the CEMA member-states is an important factor in fulfilling the plans of their economic and social development.

Trade among the CEMA countries accounts for about 60% of their total foreign trade turnover. The long-term intergovernmental trade agreements between the CEMA countries for 1981-1985, based on co-ordination of national economic development plans, are proving a success. In 1981, trade among the CEMA countries amounted to 133.6 billion roubles, and in 1982--to 149.2 billion roubles. Trade grew at the rate of over 11% a year, i.e. faster than provided for by long-term trade agreements.

Commodity turnover is growing chiefly on account of the ever increasing deliveries of traditional items like fuels, primary products, machines, equipment and consumer goods. These deliveries largely contribute to the fulfilment of the CEMA countries' social and economic development plans.

The integration projects mentioned above have a decisive effect on the volumes and pattern of trade within the CEMA. By way of illustration there are now over 640 bilateral and over 140 multilateral agreements on specialized and joint production involving mutual goods deliveries. The role they play in trade among the CEMA countries is hard to overestimate. In just one year, from 1981 to 1982, these countries' export of the products they specialize in grew by 14.7% and was worth 13.4 billion roubles. The proportion of engineering and chemical products in this export constituted 81.6% and 10.4%, respectively.

Mutual deliveries cover most of the CEMA countries' imports of key fuels, primary products, materials, consumer goods, as well as machines and equipment essential to their further economic progress.

The intra-CEMA trade in machines, equipment, fuel, energy, raw materials, consumer goods and food will help the CEMA countries fulfil the plans of their economic and social development and meet their population's ever growing requirements.

The USSR: the CEMA Countries' Biggest Trade Partner

The Soviet Union possesses a high economic and research potential. Our country contributes over 20% of the world's industrial output.

Traditionally, the USSR is the biggest trade partner of the other CEMA countries. Our share in Cuba's foreign trade comes close to 60%; in Bulgaria's, to 50%; and in the GDR's and Czechoslovakia's, it exceeds 35%.

The USSR signs long-term trade agreements with the other CEMA member-states every five years. Based on co-ordinated national economic development plans, these agreements are drawn up with an eye to the contracting parties' commitments under agreements included in the Co-ordinated Multilateral Plan of Co-operation Projects, to the activities provided for by the long-term purpose-oriented programs of co-operation, bilateral long-term co-operation and joint production programs, and to their commitments under other economic agreements. The long-term agreement for 1981-1985 is now being carried out.

In the current five-year period, energy, fuel, raw materials, machines and equipment remain the chief items of export trade between the USSR and the other socialist countries. Machinery and equipment stand high on the imports list (40%), as to foodstuffs and consumer goods. Such a pattern of commodity turnover is mutually profitable and reflects the trend of the international socialist division of labor.

The range of items exchanged within each product category certainly changes from year to year as new tasks arise in the course of the fulfilment of national economic development plans. Such changes are also called for by the steady scientific and technological progress and by the need for a further upturn in production efficiency.

In the first two years of the current five-year period, the proportion of fuel and electric energy in Soviet export to the socialist countries amounted to 44%, and the value of these commodities' annual deliveries totalled 14 billion roubles. The large-scale deliveries by the USSR of ore, metals, chemicals, fertilisers and timber, worth six billion roubles a year, are also of great importance to the CEMA countries.

The value of the Soviet Union's machinery and equipment exports to the other socialist countries also approaches six billion roubles. The industries of many CEMA countries are fitted out with Soviet machine tools to a considerable extent. The GDR, Hungary, Bulgaria, Czechoslovakia and other socialist countries import large quantities of Soviet cars and trucks. Soviet planes are used by almost all the airlines of socialist countries. Bulgaria, Czechoslovakia and other countries use Soviet computers for the automation of their national economies.

Soviet consumer goods--refrigerators, TV-sets, watches, radios, photo cameras--are quite popular in socialist countries.

The importance of the economic and technical assistance the USSR is rendering to the other socialist countries in the development of the key branches of their economies--metallurgy, engineering, the power industry, agriculture--cannot be overestimated.

In 1976-1980, the Soviet Union supplied 24 billion roubles' worth of machines, equipment and motor vehicles to the other CEMA countries. The export of these commodities will remain as high in 1981-1985.

Utilizing every advantage offered by the international socialist division of labor, the USSR imports ever-larger quantities of industrial products from socialist countries. This enables them to gear the development of individual industries to a stable Soviet market demand.

In 1976-1980, the USSR imported over 40 billion roubles' worth of machinery, equipment and motor vehicles from the CEMA countries. In the current five-year period, the figure is to grow 1.5 times, topping 60 billion roubles.

At present, the USSR imports machinery and equipment for hundreds of new industrial construction projects. About three-fourths of these imports come from socialist countries.

The Soviet Union imports ever-larger quantities of equipment for the implementation of its Food Program. In the near future it is to increase its import of food industry equipment and farm machinery from CEMA countries by 60 and 40%, respectively.

In turn, the USSR will deliver tractors, corn, flax and sugarbeet harvesters and other farm machines to the CEMA countries for their agro-industrial complexes.

The USSR and the other socialist countries initiate new forms of co-operation and carry out large-scale projects together. In 1982, intergovernmental agreements were signed with the GDR, Czechoslovakia and Yugoslavia on assistance to the USSR in building the Urengoi-Uzhgorod gas pipeline in exchange for extra natural gas deliveries. The GDR, for instance, will lay more than 500 km of pipeline and build seven compressor stations. Other CEMA countries have been invited to take part in building the pipeline, and the appropriate negotiations are now under way.

In 1982, the Soviet Union supplies to its CEMA trade partners 2.1 billion roubles' worth of products--natural gas, ferriferous raw materials, ferro-alloys, woodpulp, asbestos, electric energy--under integration project agreements already in operation.

In 1982, the Soviet Union had 302 agreements with the other CEMA countries on joint and specialized production. The export deliveries of jointly produced items have increased. In 1982, for instance, the value of deliveries between the USSR and other CEMA countries exceeded 10 billion roubles which was 19% up on the 1981 figure.

All this provides solid groundwork for the further development of stable trade links among our countries.

The first two years of the current five-year period saw good progress in the fulfilment of long-term trade agreements between the USSR and the other socialist countries. In 1981, the first year of the period, the share of the socialist countries in the USSR's total foreign trade turnover amounted to 52.8%. In 1982, our mutual trade grew by 12.5% and amounted to 65 billion roubles. As a result, the share of the socialist countries in the total volume of our foreign trade reached almost 55%. Towards the end of the current five-year period, that is by 1985, the socialist countries' share in Soviet foreign trade turnover is to reach 58%. Judging by the present trade growth rates, this target will be reached ahead of schedule.

1983 is marked by a further growth in trade between the USSR and other socialist countries, in accordance with the trade turnover protocols for 1983 which says that our trade with the GDR will exceed 13 billion roubles; with Czechoslovakia, 10.5 billion roubles; with Bulgaria, over 10 billion

roubles; with Poland, nearly 10 billion roubles; with Hungary, 8 billion roubles. The volume of the two-way traffic of goods deliveries between the USSR, on the one hand, and Vietnam, Cuba, Mongolia and Romania, on the other, will grow considerably. Trade among the CEMA countries is going ahead as planned.

Pattern of Soviet Trade with Other Socialist Countries in 1982, %

	<u>Export</u>	<u>Import</u>
Machinery, equipment, motor vehicles	12.9	34.4
Fuel and electric power	52.3	4.6
Ores and concentrates, metals, metal articles	7.4	9.9
Chemicals, fertilisers, rubber	3.1	4.4
Timber, pulp-and-paper products	3.3	1.5
Textile fibres, semifinished goods	1.8	1.6
Foodstuffs	-	23.7
Industrial consumer goods	1.9	12.7
Other goods	17.3	7.2

Trade Between the USSR and Other CEMA Member-States in 1980-1982, Million Roubles

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Bulgaria	7,099	8,071	9,173
Hungary	5,738	6,607	7,454
Vietnam	612	892	1,011
GDR	9,200	10,681	12,196
Cuba	4,266	4,807	5,841
Mongolia	884	1,036	1,233
Poland	8,002	8,152	8,910
Romania	2,791	3,453	3,107
Czechoslovakia	7,185	8,487	9,779
Totals	45,777	52,186	58,704

Trade Between the USSR and Other CEMA Member-States, Billion Roubles

	<u>1976-1980</u>	<u>1981-1985</u> (under long-term agreements)
Bulgaria	29.3	40.0
Hungary	23.2	34.2
Vietnam	2.4	7.0
GDR	37.7	59.8
Cuba	19.0	27.1
Mongolia	3.7	5.0
Poland	33.9	41.0
Romania	10.5	17.2
Czechoslovakia	29.5	41.4
Totals	189.3	272.4

USSR-CEMA TRADE

CUBAN DESIRE FOR GREATER INTEGRATION WITH CEMA EXPRESSED

Moscow LATINSKAYA AMERIKA in Russian No 12, Dec 83 pp 73-77

[Article by Kh. A. Dias Vaskes: "Participation in CEMA"]

[Excerpts] Cuba's involvement in the socialist economic integration mechanism has already produced specific results. First of all, there is a guaranteed market for traditional Cuban exports thereby making it possible to obtain the necessary industrial equipment and raw materials and long-term credit under favorable terms. Of great importance was the granting of a number of benefits to Cuba (based on a decision of the 30th CEMA Session in June 1976) contained in the Comprehensive Program for CEMA less developed countries; it was also decided that Cuban cooperation within CEMA would develop in directions ensuring the accelerated development of its national economy.¹

Cuba is a signatory to 106 of the 500 agreements signed by CEMA member nations in the area of science and technology, cooperation and specialization of production and joint construction projects. Cuban organizations will sign another 20 agreements in the near future. The drafts of 62 agreements are being carefully studied.

Cuba has actively joined in the effort to coordinate the five-year plans for the economic development of CEMA member nations. It is thereby possible to coordinate joint large-scale construction programs more quickly, to expand the volume of reciprocal deliveries of goods, to resolve long-term credit problems, etc. At the present time, measures are in progress to coordinate the five-year plans for the economic development of Cuba and other CEMA member nations in 1986-1990. The effort to coordinate these plans has already produced positive results. In line with foreign trade agreements, reciprocal trade between Cuba and CEMA member nations will increase by more than 30 percent between 1981 and 1985; credits will be more than doubled compared with the last five-year plan. Coordination of the plans has enabled the Cuban side to give a precise definition of the mix and volume of almost 900² imported items (i. e., thrice more than in the preceding five-year period).

In recent years, Cuba has taken a more active part in CEMA industry, transport, communications, and science and technology commissions thereby enabling it to expand the base for regular deliveries from socialist

countries and to curtail its imports from capitalist nations.³ As a result of the reorientation of its import policy, Cuba has in particular modernized its marine transport and port facilities in a relatively short period of time and has enlarged and repaired its civil air fleet.

In 1974, Cuba began its formal participation in CEMA financial agencies: the International Bank of Economic Cooperation and the International Investment Bank. Since 1976, Cuba has been strengthening its credit-financial and payment relations with all CEMA countries on a multilateral basis.

Cuba's further progress on the path of economic integration with CEMA countries will enable it to concentrate on the search for new direction of cooperation in order to promote the still greater complementarity of their respective product mixes. An agreement between USSR and Cuban planning agencies on drafting a master plan for the development of the Cuban economy up to the year 2000 on the basis of specialization and cooperation in production with the USSR, an agreement with the GDR and Bulgaria on the joint drafting of long-range plans for economic cooperation plus the cooperation, specialization and economic integration between Cuba and these countries are becoming the firm basis for defining in more specific terms the policy of complementarity of economic structures and of further intensifying the economic process within the framework of the socialist community.

The planning and coordination of the national economic plans of CEMA member nations is an effective instrument that promotes the development of various branches, subbranches and large enterprises in the Cuban economy that are participating in specialization and cooperation in production and that are responsible for exporting the goods that satisfy the needs of their CEMA partners. On the other hand, the coordination of national economic plans (which is indicated in development plans for a more or less extended period) is the basis for reaching bilateral agreements on specialization and cooperation in production between CEMA member nations.

At the same time, it should be noted that the potential for drawing Cuba more actively into the integration process has by no means been exhausted. Cuba is an active participant in only 5 of the 16 CEMA commissions specializing in the production sphere.

Based on what has already been achieved, it can be assumed that the creation of joint enterprises (multilateral or bilateral) by CEMA member nations will be one of the principal avenues in the increased specialization of Cuban industry. The first of these could be machine building plants producing equipment for the sugar industry and enterprises specializing in the construction of agro-industrial complexes.

The task of supplementing the coordination of plans with the coordination of economic and scientific-technical policy in general was raised at the 36th Session of the CEMA. There is no doubt that the tasks posed are of fundamental significance; their realization will require serious effort both with regard to the restructuring of existing CEMA integration mechanism as well as increasing the efficiency of that integration.

FOOTNOTES

1. GRANMA, Havana, 29 Jun 79; 12 Aug 82.
2. "II s"yezd Kommunisticheskoy partii Kuby. Gavana, 17-20 dekabrya 1980" [2d Congress of the Cuban Communist Party. Havana, 17-30 Dec 80], Moscow, 1982, p 47.
3. For example, Cuba's participation in "Interkhim" permits it to cut its imports of chemical products from capitalist countries considerably. This indicator will be reduced by 27.5 million rubles by the year 1985.

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CSO: 1825/59

USSR-CEMA TRADE

TRAINING OF VIETNAMESE WORKERS AT TOGLIATTI ENCOURAGED BY USSR

Moscow APN DAILY REVIEW in English 9 Feb 84 pp 1-3

[Article by B. Vinogradov, special correspondent for IZVESTIA: "The Way to a Trade The Young Vietnamese Are Trained in Various Trades at the VAZ Autoplant"]

[Text] From the snowy Volga banks to the Vietnamese city of Hue buried in tropical verdure on the Hue river letters are flying. The lines in the warm messages addressed to the parents, friends and loved ones are short stories about the life of the Vietnamese young people who have come to Togliatti to train in automobile trades.

"That was last April," says engineer Chan Zui, leader of the Vietnamese group at the VAZ Works. "The day of arrival at the Volga motor industry giant is impressed in my memory. None of my young colleagues had ever seen such production before. The size of the shops and the conveyor was striking. But particularly memorable was the cordial and hospitable welcome given us by the Togliatti people. And to this day we are still touched by the care on the part of the autoplant management and inhabitants of the city.

Chan Zui Vyk is visiting this country for the second time. In 1966 he graduated from the Kharkov Polytechnical Institute where he had studied for five years. On receiving his diploma as a machine-building engineer he returned to his native Hanoi to work in his trade. With time the young engineer was promoted to the head of a design department and has had a number of his inventions patented. The vegetable processing machines designed by him are being successfully operated in state and cooperative farms of Vietnam.

"I have also heard and read a lot about VAZ, used to ride in a 'Zhiguli', a car which has given a good account of itself in our climate, but to see the plant was my dream. My wife and children stayed at home. We shall meet in a year when I am on leave. And meanwhile I write letters just like my friends."

It is no mere chance that we have started with letters. When we entered the recreation and reading room of the hostel, we saw several black-haired young people reading their letters.

"What news from home?" I asked a girl Lan' by name who was sitting in an arm-chair.

"Good news," she replied smiling. "Everyone is doing well, missing me a little but they are all glad for me. Here they write that many people gathered in our house to listen to the letter from VAZ".

What letter does she mean? No, it was not Lan' who wrote that letter. The letter was sent by autoplant's management. It read: "Dear Nguen Tkhi Kim Chang. The management of the VAZ Autoplant named after the 50th Anniversary of the USSR is very grateful to you for bringing up your daughter Le Tkhi Ngok Lan'. She has made good progress in Russian when attending the Russian language classes for the Vietnamese students and we are sure that she will successfully master her trade at the VAZ Autoplant".

"We have mailed such letters to the parents of many Vietnamese apprentices," says Nikolai Ustinov, deputy head of the export and foreign relations department. "The young people deserve the praise, they are working hard to master the trades of machine building.

"The VAZ people have provided excellent conditions for us," continues Chan Zui Vyk. "Spacious hostels, a well-equipped infirmary, club-houses, gym-halls, a cinema, a canteen, a library with Vietnamese papers, books and magazines--all this is at our disposal. Many of us are beginning to read Soviet publications too."

Dao Thien Thi, Minister of Labour of the Socialist Republic of Vietnam, who recently visited the VAZ and familiarised himself with the training of the young Vietnamese workers, gave high praise to the organisation of their labour and recreation. He underscored the significance of this area in the cooperation between our countries for the developing economy of Vietnam.

"Workers with mechanical skills are in great demand in our national economy," he said. "These young people, after becoming highly-skilled professionals in the Soviet Union, will form the core of the Vietnamese machine industry. We plan in the future to construct several big industrial enterprises. The Soviet Union and other fraternal Socialist countries are now laying the foundation for our national industry. Of no less importance is the fact that our workers will have passed through a school of internationalist upbringing".

In the morning the lecture-rooms of the Branch Training Centre located near the main management building of VAZ are filled with students.

The training course is scheduled for 6 to 9 month, the Soviet instructors told me, and follows the curricula used in Soviet vocational training schools. No allowances are made. The students must take the entire general educational course and pass examinations. Practical training goes side-by-side with theoretical studies. The young people at the body assembly section, for example, are trained in the trades of assembler, fitter, tool setter, quality inspector, mechanized spot welder. Future

pressworkers are trained at the pressworking section where the automobile bodies are manufactured.

"Under the inter-governmental agreement", says N. Ustinov, "a special promotion system has been worked out. Time is allocated for theoretical studies and the graduates gain the second or third skill category and have all necessary prerequisites for improving it. The young Vietnamese are grouped in threes or fours and attached to production teams consisting on average of fourty experts. The Vietnamese workers of these international teams enjoy all the rights of Soviet VAZ employees."

Togliatti (IZVESTIA, January 26. Abridged.)

CSO: 1812/119

BOOK ON INTERNATIONAL CURRENCY SYSTEM OF CEMA COUNTRIES REVIEWED

Moscow DEN'GI I KREDIT in Russian No 11, Nov 83 (signed to press 19 Oct 83)
pp 76-78

[Review by I. D. Zlobin, professor, and O. I. Lavrushin, professor, of book "Mezhdunarodnaya valyutnaya sistema stran-chlenov SEV" [The International Monetary System of the CEMA Member Countries] by Yu. A. Konstantinov, Finansy i statistika, Moscow, 1982, 230 pages]

[Text] It is well known that monetary and credit relations are an important component of the economic mechanism for management of the process of socialist economic integration. The successful development of the mutual economic and scientific-technical cooperation of the CEMA member countries depends in no small degree on how much they are perfected.

The monograph recently published by Professor Yu. A. Konstantinov is directly devoted to an analysis of the monetary and credit system. At the same time the author devotes considerable attention to the functionings of the national monetary and financial systems of the CEMA member countries. And this, in our view, is the correct point of departure for this study. As a matter of fact, in recent years quite a bit has been written and said about the directions of further improvement of the international monetary and financial mechanism of the CEMA member countries. But many authors have a habit of leaving to one side the use which the countries of the socialist commonwealth make of their national monetary and financial mechanisms.

However, as can be seen in the monograph, the existing historical and national peculiarities of the functioning of the monetary and financial mechanisms of each of the countries exert a substantial influence on the particular approach taken to one or the other directions for improvement of the international monetary and financial mechanism. The author accordingly has raised the timely question of the need for a certain interaction of both mechanisms: the international and the national.

As a matter of fact, in the light of the present-day requirements and tasks of the further development of socialist economic integration, the question has become relevant of how the national monetary and financial mechanisms of the CEMA member countries can operate more effectively toward their mutual economic cooperation, how the prerequisites can be created for fuller use of

the advantages embodied in the international monetary and financial mechanism of the countries of the socialist commonwealth.

This aspect of the study also has great importance for another reason. As is well known, it was pointed out at the 26th CPSU Congress that such problems as bringing the structures of the economic mechanisms closer together are being put on the agenda. It is obvious that solving this problem presupposes a certain convergence of certain elements of the national monetary and financial mechanisms of the CEMA member countries as well. The author devotes the entire second chapter, entitled "The Monetary and Financial Mechanisms of the CEMA Member Countries," to an analysis of this problem. It reveals in a meaningful way the peculiarities of the monetary and financial instruments and shows the directions of their possible improvement. We share the author's conclusion to the effect that the monetary and financial mechanism is an integral part of the entire economic mechanism. This has fundamental importance in defining ways of convergence of the particular elements of the national monetary and financial mechanisms of the CEMA member countries.

We are familiar with V. I. Lenin's instruction to the effect that "there is no idea more erroneous or harmful than divorcing external from domestic policy."¹

The point of departure in theory for the entire study is the first chapter, which is entitled "Management of Monetary Relations at the National Level." Incidentally, the content of the chapter, as indeed the book's entire contents, is much broader than indicated by the title. It sets forth the essence of the socialist currency quite correctly and reveals its functional mechanism. This has no small practical importance. Sometimes we can see in the arguments of certain economists a kind of bouncing from one extreme to another. For instance, when certain difficulties are seen in the functioning of the collective currency (the transfer ruble), the opinion is expressed that the national currencies of the CEMA member countries should be introduced along with it, and sometimes in place of it, as the instrument for making purchases and payments on the international market of those countries. The author of the book being reviewed has in our view convincingly shown that the two varieties of socialist currency—the national and the collective—belong to a single type. He is also quite right in saying that one of the most visible manifestations of this belonging to a common type is the planned nature of the functioning of the international and national currencies of the CEMA member countries. But the fact that they belong to the same type is still not at all the basis for their parallel functioning on the national market of the socialist countries in the form of cash. This kind of "circulation" of money in each country, whose possibility has been pointed out by certain researchers, is first of all unrealistic and would signify not progress, but regression, since the collective currency (the transfer ruble) is the currency for monetary circulation without cash. As the author correctly points out, this is not only not advisable, it is indeed harmful: it would make it more difficult for money to circulate in the CEMA member countries, it would disrupt the relationship between that circulation and the circulation of commodities, since in every country there would turn out to be two different price scales, two currencies with differing purchasing power.²

The question of the convertibility of currencies under socialism has been worked on a bit unspecifically, and for that reason unclearly. It is true that this question cannot be resolved independently of the character of market relations; as a matter of fact its essence "lies in the fact that there is an altogether definite material basis for the convertibility of currencies. This is above all the convertibility of money into goods, which depends not only and even not so much on their quantity (consequently, production capacities, commodity reserves) as on the way in which trade is organized: planned and regulated by 'free' market relations" (pp 24-25). One must accordingly also pass favorable judgment on the author's conclusion: "Convertibility of currencies has practical importance when a trading partner delivering a commodity to the other party to a contract can obtain in exchange not another commodity, but a convertible currency for the purpose of its use for imports from a third country" (p 25).

In our view the author correctly frames the conclusion that in a socialist economy the convertibility of currencies "... must not (more accurately, cannot—I. Z. and O. L.) exert an independent regulating effect on monetary, trade and production relations, as occurs in an unplanned market economy" (p 28). We would like to add: one cannot at the same time exaggerate in any way the role of the convertibility of currencies as a means of helping to speed up the process of integration in the CEMA region, which certain economists sometimes point to.

In the book's subsequent chapters the author uses abundant factual material in a consistent way to reveal the mechanism for management of monetary relations at the international level; he explains the socioeconomic nature of the transfer ruble, its place and role in the system of economic cooperation of the CEMA member countries; he covers the organization of their mutual settlements in foreign visible and invisible operations; joint credit financing and financial backing of capital investments (kapitalovlozeniya).³

On some of these matters, as is well known, discussions are going on, arguments are being expressed which quite often are at opposite poles; this specifically applies to the transfer ruble's performance of the function of a measure of value, since it itself exists in the form of entries in bank accounts and does not have a value of its own. There is vagueness in the terms "multilateral" settlements and the "balance nature" of those settlements. The author of the monograph, in our opinion, has managed to some extent to remove some of the "blank spots" in our specialized literature on this topic, to provide aid in correctly understanding a number of concepts which not only have great theoretical importance, but also have practical importance.

In our view the book under review has been timely in raising the question of and making the case for a further improvement of the role of the transfer ruble, improvement of the system of rates of exchange and mutual relations involving the use of credit in settlements. The author is sound in recommending the greater use of bank interest on credits of the International Bank for Economic Cooperation [IBEC] and the International Investment Bank [IIB] in transfer rubles as an incentive, improvement of the planning of credit in those collective banks, assurance of fuller balance in the payment relations

among the CEMA member countries. In this stage, when the problem is being raised of promoting more vigorously the drawing of material resources into mutual commodity trade and the strengthening of discipline in fulfilling plans, performing under contracts and making payments, solving these problems is becoming an urgent necessity.

In our opinion, there has long been a need to settle the question of devising a new textbook for the course entitled "International Monetary and Credit Relations Between the USSR and the Other Socialist Countries."⁴ The teaching materials that exist treat the questions of international monetary and credit relations largely through the sphere of foreign trade. Yet the present stage of development of socialist economic integration is putting more and more emphasis on deepening cooperation in the field of material production, on development of intergovernmental production specialization and industrial cooperation, and on creation of joint firms and enterprises. There is a need for broader summarization of the experience gained in the functioning of the national currency systems of the socialist countries, which is the common property of all the states of the socialist commonwealth. All of this, in our opinion, makes it imperative to expound in a new way a number of theoretical questions pertaining to the nature and role of monetary and financial relations under socialism, to the monetary and financial policy of a socialist state relative to the state of development of socialist economic integration on a comprehensive basis.

We should note that not all the conclusions and propositions offered by the author of the book under review are indisputable. He has presented some of them only in general form, and they have not been taken to their final scientific conception. The author has not been consistent everywhere. On p 138, for example, in revealing the relationship between the transfer ruble and the money commodity, he writes: "Formal equivalency to gold is insufficient for regarding the money unit as a representative of the money commodity." Further, the author, it seems to us, sides with economists who assert that "the transfer ruble in real terms, i.e., in essence, is not a symbol of gold" (p 139), and at the same place he asserts: "one can apparently concur in this as a working hypothesis, although the external, visible and tangible signs do not always characterize the nature of a phenomenon." Yet in this treatment the author departs from a clear and definite answer to the question he has just put. At least we did not find the author's answer to this question in the monograph.

The author has also skirted the question of the laws governing the turnover of the transfer ruble. This is too bad, especially since the discussions concerning the law governing the circulation of money (with respect to barter transactions and the circulation of cash) within the limits of the national economy have been going on for more than a year.⁵

There are also inaccuracies in the work. On pp 105-106 the author speaks about sources of the occurrence of transfer rubles and essentially reduces them to two: IBEC credits and the export of commodities. One wonders: But what happened to the mutual rendering of services, IIB credits, and finally, conversion of national currencies into the collective currency in the sphere

of invisible payments? As a matter of fact, consequently, there are more sources of the occurrence of transfer rubles, although one of them--IBEC credits as a "bank issuing bank notes," according to the author's correct assertion, pertains to the realm of "emission" (primary).

On p 30 the author writes: "... the relevant bank is entitled to exchange the remainder of funds unspent in the national currency for transfer rubles through IBEC in order to acquire goods through foreign trade channels." It would seem that in this case it would have been more apt to use instead of the word "through" the expression "with IBEC acting as an intermediary." Otherwise the reader might get the impression that IBEC itself exchanges national currencies of the CEMA member countries for transfer rubles. Yet Chapter 7 of the book under review correctly presents on pp 209-210 the actual mechanism for convertibility of the national currencies of the CEMA member countries for their collective currency in the sphere of invisible payments.

But in our view this does not diminish the general virtues of the book. The author has written a book that is necessary and quite useful.

FOOTNOTES

1. V. I. Lenin, "Poln. sobr. soch." [Complete Works], Vol 32, p 335.
2. PRAVDA, 9 October 1982.
3. The author prefers the term "investitsii"; at the same time, its use in application to socialism still needs a specific justification.
4. It seems more correct to us to give it a slightly different name: "International Monetary and Financial Relations of the Countries of the Socialist Commonwealth."
5. See, for example, the book of Professor I. I. Konnik, "Denezhnoye obrashcheniye v protsess rasshirennogo sotsialisticheskogo vosproizvodstva" [Circulation of Money in the Process of Expanded Socialist Reproduction], Moscow, Finansy i statistika, 1982, pp 65-97.

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CSO: 1825/68

BRIEFS

BULGARIAN S&T COOPERATION--The scientific and technical cooperation of the fraternal countries is actively developing. Thus, Bulgaria has signed more than 800 agreements on scientific and technical cooperation in various areas. It is jointly working on approximately 500 problems and topics with institutes in the USSR alone. Bulgaria's scientific and technical cooperation with the GDR includes 150 topics; with the CSSR--90; with the Hungarian People's Republic--90; with the Socialist Republic of Romania and to an ever greater degree takes on an integrated nature and is more and more closely coordinated with specialization and cooperation in production. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

HUNGARIAN FARM MACHINERY--The Hungarian "Hodep" Agricultural Machinery Plant manufactured the first lot of a new self-propelled green-pea harvesting combine. Even though it has a small engine and weighs less, it is two times more productive and a tractor-drawn combine. A number of the parts for the new combine--the engine, the hydraulic drive, and the cab--are supplied by the Soviet Union. As a result, the Hungarians have approximately 700,000 forints on assemblies it formerly purchased from capitalist countries. Every year the "Hodep" plant exports equipment valued at 600 million forints to the USSR and approximately 200 million forints' worth of equipment to "Agromash" member nations. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

COOPERATION IN ALUMINUM PRODUCTION--Aluminum is frequently called the "integration metal" because the fraternal countries combine their efforts to satisfy their requirement for this type of raw material. For example, the CSSR participated in the creation of additional aluminum producing capacities in the Soviet Union by supplying heavy-duty trucks and quarrying equipment. The USSR in turn exported additional aluminum and other metals to the CSSR. Similar cooperation developed between Hungary and the GDR, between Hungary and the CSSR, and others. In accordance with the "alumina-aluminum" agreement, this year Hungary will ship 330,000 tons of alumina to the Soviet Union for processing and will receive 164,500 tons of aluminum. This will enable Hungary to conserve 3 billion kilowatt-hours of electric power and to concentrate its resources in those branches of

production that the country is specializing in within the framework of the CEMA. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983. 5013.

POLISH-HUNGARIAN TRADE--Economic ties between the Polish People's Republic and the Hungarian People's Republic are expanding. This is attested to by the continuous growth of turnover between these countries which increased by approximately one-third in 1982-1983. New areas of cooperation are also opening up. A long-term agreement has been concluded on the production of picture tubes for color television sets. Another agreement was signed on specialization and cooperation in the production of computers and drugs. Long-term cooperation is planned in the production of large-capacity buses, "Bison" grain combines, and compact farm machinery and equipment. Polish enterprises will take part in the reconstruction, modernization and construction of new electric power stations and mines in Hungary. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

POLISH-CUBAN TRADE--Trade turnover between Poland and the Republic of Cuba in the current year will amount to 98.2 million rubles this year. Turnover is slated to reach 415 million rubles between the countries in 1981-1985, which is 5 percent more than the volume planned in the long-term agreement. This year the Republic of Cuba will supply Poland with 40,000 tons of citrus, 460 tons of juices and concentrates, 700 tons of red pepper, 750 tons of honey, 300 million cigarettes and various raw materials and semimanufactured goods, including nickel oxide. Poland exports machinery and equipment to the Republic of Cuba, including electrotechnical equipment (in particular, picture tubes for color television sets), agricultural aircraft, metallurgical products, and knitted goods. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

SOVIET EXPORTS TO POLAND--The fraternal aid of the USSR plays an important part in overcoming the consequences of the crisis in the Polish People's Republic. Thus in order to improve the Polish population's food supply, the Soviet Union supplied Poland with 460,000 tons of wheat, 30,000 tons of corn and 25,000 tons of rice and this year supplied an additional 650,000 tons of wheat. The Polish People's Republic also received many types of raw materials and supplies that in part replace imports from capitalist countries. The processing of raw materials and supplies received from the USSR made it possible to produce 8.5 billion zlotys' worth of sewn goods, linen and footwear for the internal market of the Polish People's Republic and to provide employment for 16,000 persons. The Soviet Union satisfies 76 percent of Poland's import requirement for iron ore; potassium salts--80 percent; cotton--74 percent; pulp--76 percent; aluminum--60 percent; paper and cardboard--65 percent; and virtually all of Poland's required for oil, natural gas, pig iron, asbestos and lumber. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

SOVIET-ROMANIAN COOPERATIVE PROGRAMS--Specialization and cooperation in production between the USSR and Socialist Republic of Romania are based on 10 bilateral and 38 multilateral agreements. On the basis of the Long-Term Program for the Development of Specialization and Cooperation in Production Between the USSR and the SRR up to 1990, ministries of both countries have drafted and signed 15 branch subprograms including those affecting chemical, petroleum, heavy, transport, power, tractor and agricultural machine building. The program of scientific and technical cooperation and cooperation in 1981-1985 calls for work on approximately 140 problems and topics encompassing practically all key branches of the national economy. The implementation of the program will make it possible to create almost 50 models of machines, equipment and instruments and 33 new or improved production processes. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

CSSR-GDR OLEFIN PRODUCTION--Cooperation in the petrochemical industry will develop on the basis of an agreement on long-range economic and scientific-technical cooperation between the CSSR and GDR in the production and use of olefins. The agreement calls for the construction of a 137-kilometer international ethylene pipeline between Belen and Litvinov, the completion of which both sides will consider to be the beginning of long-term cooperation. In the first stage, which lasted approximately 10 years, until 1980, the GDR delivered ethylene and propylene to the CSSR while the CSSR supplied the GDR with low-pressure ethylene, propylene and polyvinyl chloride. During these years, the GDR received 830,000 tons of olefins from its partner while the CSSR received approximately 267,000 tons of plastics. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

HUNGARIAN ENERGY-SAVING PROGRAM--The government energy conservation program in the Hungarian People's Republic calls for the allocation of 15 billion forint in capital investments which will be financed by enterprise funds, by low-interest loans and state subsidies. The construction of over 1100 capital projects has already been approved and 721 measures have been implemented for the purpose of replacing costly fuels with cheaper fuels. As a result of these investments, more than 250,000 tons of kerosene, almost 200,000 tons of petroleum and 13,000 tons of diesel fuel will be replaced by natural gas, by coal, etc. Almost one-fourth of the capital investments are associated with making the traditional methods of energy consumption more efficient. A considerable saving is expected as a result of the modernization of production processes. In particular, the improvement of equipment will make it possible to reduce the expenditure of coke by 145,000 tons. Ninety-two thousand tons of kerosene, 85,000 tons of oil, and many other types of fuel have already been replaced by cheaper substitutes. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013

USSR BENEFITS FROM CEMA COOPERATION—The economic effect derived by the USSR national economy from utilizing the results of work completed as a part of the scientific and technical cooperation in 1981 and 1982 is estimated at approximately 500 million rubles. On the whole, during the current five-year plan, more than 800 new production processes and approximately 200 new materials will be created, over 950 units of machinery, equipment and instruments will be tested and over 750 sets of documentation will be developed. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

USSR EXPORTING ENERGY-INTENSIVE PRODUCTS—Based on the international socialist division of labor, the USSR is producing energy-intensive, large-tonnage types of chemical products while other European CEMA member nations are producing low-tonnage, less energy-intensive chemical products. Under the present five-year plan, the USSR will supply other fraternal countries with 700 million rubles' worth of energy-intensive products, including methanol and polyethylene and will receive from them 790 million rubles' worth of chemical plant protection agents, paints and varnishes and bleaches. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

RECIPROCAL MACHINE DELIVERIES—In the process of implementing agreements on specialization and cooperation in machine building, countries in the socialist community in 1981-1985 will make reciprocal deliveries of more than 410 million rubles' worth of various types of machinery, equipment, assemblies and spare parts. In particular, the volume of reciprocal deliveries concerning specialization in the production of 150-horsepower tractors, sets of tractor-drawn farm machinery, machinery and equipment for animal husbandry and assemblies and parts for them will exceed 5 billion rubles. Reciprocal deliveries relating to the specialization of production of metalcutting machine tools with numerical programmed control and standardized component parts and assemblies for them will amount to more than 900 million rubles. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, Nov 83 pp 62-63] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 5013.

CSO: 1825/59

USSR-EAST EUROPE BILATERAL TRADE

SOVIET ASSISTANCE TO CUBA REVIEWED AT 25TH ANNIVERSARY

Moscow FOREIGN TRADE in English No 1, Jan 84 pp 4-8

[Article by Chairman of the USSR State Committee for Foreign Economic Relations Ya. Ryabov entitled 'USSR-Cuba: Fruitful Cooperation']

[Text] "With a feeling of great satisfaction we point out that the relations between the Soviet Union and Republic of Cuba, between our Parties, Governments and peoples are successfully and fruitfully developing in most various spheres on the basis of principles of Marxism-Leninism and socialist internationalism."¹

A quarter of a century has passed since January 1, 1959--the Day of Victory of the Revolution in Cuba which opened the way to radical socio-economic reorganizations on Cuban soil. For the first time in the Western hemisphere a state was formed which proclaimed care for the working people's well-being and construction of the socialist society its principal aims.

In the first years after the victory of the Revolution the Cuban people put an end to the multi-year dependence of the country's economy on foreign capital. Liberation from the US monopolies' dominance and hence the upper national bourgeoisie resulted in nationalization of means of production belonging to it.

Establishment of the people's rule in Cuba made it possible to carry out important socio-economic reorganizations in the post-revolutionary period such as: the agrarian reform, nationalization of industry and banks, introduction of the state monopoly for foreign trade.

Using the rich experience of the Soviet Union and the socialist community countries in developing their economies and constructing socialist society the Cuban people thanks to their heroic and selfless labour, under the guidance of the Communist Party and the Government headed by Fidel Castro, achieved significant progress in industry, civil engineering and agriculture as well as in public health, education and culture. The Cuban people's living standard improved.

As the years passed the country's economic potential strengthened and multiplied. In the period of 1959-1983 the produced gross national product

increased 2.6 times, its average annual growth being more than four per cent.

The achieved results become specially impressive when the specific conditions of Cuba's economic development are taken into consideration. The country, as is well known, lacks fuel and power resources (oil, gas, coal, water). The negative influence on Cuba's economic development after the victory of the revolution of such factors as a deformed economic structure in combination with geographic remoteness from the main suppliers of material and technical resources, lack of experience of socialist management and the complicated process of reorganizing the production and technical apparatus was substantially aggravated by the economic blockade imposed by the US imperialist circles on Freedom Island as well as by sharp price fluctuations for sugar, Cuba's major export product on the world market.

In such a complicated situation the development of all-round cooperation with the Soviet Union and other socialist countries based on principles of socialist internationalism, respect of sovereignty and national interests, and friendly mutual assistance, was and still is of vital importance for Cuba's economic development.

As the leaders of Cuba's revolution repeatedly underlined, economic independence became possible mainly due to the Soviet Union's all-round, timely and generous support so freely given.

"If the Soviet Union did not exist," Fidel Castro said, "the imperialists would manage to subdue Cuba even without a weapon. They would strangle this revolution through starvation and liquidate it with just an economic blockade. But since the Soviet Union does exist it was impossible to kill our revolution with an economic blockade."²

The economic and technical cooperation between the Soviet Union and the Republic of Cuba is a vivid example of international relations of a new type, it is being realized on a sound foundation and to the maximum degree takes the interests and needs of the two countries' economies into consideration.

One of the first Soviet-Cuban agreements signed in February 1960 (which Fidel Castro called one of the most beneficial in the history of Cuba) envisaged the rendering of technical assistance constructing industrial enterprises and other projects in Cuba of paramount importance for the country's development. Since then our countries' cooperation has been steadily progressing and strengthening, it becomes deeper and more versatile a fact confirmed by the continuous growth of delivery volumes of complete equipment from the USSR. Thus, in 1961-1965 the volume of technical assistance rendered to Cuba was worth 144 million rubles and over the 1976-1980 period it increased more than eight times and exceeded 1,000 million rubles.

During the years of cooperation with the Soviet Union's technical assistance about 50 industrial enterprises and other projects were constructed,

reconstructed and outfitted with equipment in various economic spheres. During this period 135 sugar refineries were updated and modernized and more than one hundred educational centres for training national personnel fully equipped with teaching aids. The capacities put into operation with USSR cooperation have made it possible to produce annually up to 350,000 tons of steel (95 per cent of the country's output), 300,000 tons of rolled metal (100 per cent) 235,000 tons of nitrogen fertilizers (80 per cent), 600 sugar cane harvesters (100 per cent), 20,000 tons of building metal structures (60 per cent), 100,000 black-and-white TV sets and 300,000 transistor radios (100 per cent).

The USSR helped construct two large electric power stations (total power rating approximately 1,000,000 kW, almost one half of the country's rated electric power capacities).

In 1982 these electric power stations generated 4,500 million kWh, 45 per cent of Cuba's total electric power output.

In 1981 the country's unified national power system (voltage 220 kV) was completed, and territorial and zonal load-dispatching centres and a number of transformer substations (total capacity over 2,000 MVA) constructed.

As a result of reconstructing the Jose Marti iron-and-steel works (Havana province) the country's output of steel and rolled products increased almost four times as compared to the pre-revolutionary level.

Assistance rendered to Cuba in prospecting for oil and exploiting oil-fields assured production of about 540,000 tons of oil in 1982 (in 1958 it was only 28,000 tons).

On the whole successful cooperation in creating new and expanding the existing productive capacities increased industrial product output in 1982 more than twice compared to that in 1960.

The Soviet Union helps Cuba to successfully train national skilled workers and specialists of higher and medium grade for almost all sectors of the economy. The USSR supplied textbooks, instruments, machine tools, laboratory and other equipment for educational centres in which at present over 15 per cent of the total number of students in Cuba's vocational education system are being taught. All in all over the years of cooperation Cuba's educational centres set up with the USSR's participation have trained more than 100,000 specialists. Moreover, during this period about 58,000 Cubans learned worker trades in the course of constructing and operating new projects and about 18,000 skilled Cuban workers and specialists received their education at USSR higher educational establishments, technical schools or were trained at enterprises.

The 2nd Congress of the Communist Party of Cuba held in December 1980 set up new important tasks of socialist construction in the country. The Guidelines of the Economic and Social Development for 1981-1985 adopted at the Congress are a programme for building up the material and technical base of socialism on Freedom Island. The Congress recorded its appreciation

of the important role the Soviet Union's fraternal assistance plays in accomplishing the tasks facing the country.

Soviet-Cuban economic ties were furthered by the signing of a large-scale agreement of economic and technical cooperation between the USSR and the Republic of Cuba for 1981-1985 on April 17, 1981. Under this agreement in the current five-year-plan period the Soviet Union is rendering Cuba technical assistance in constructing and reconstructing projects in the sugar, textile, food and oil industries as well as in machine building, electric power engineering, radio engineering and electronics, ferrous metallurgy, civil engineering, transport, communications and other sectors of Cuba's economy. Cooperation in geological prospecting and land reclamation, and in training national specialists is being continued and expanded. The above agreement was the result of almost a two-year activity of Soviet and Cuban organizations, ministries and departments engaged in coordinating the USSR and Cuba's state plans of economic and social development for 1981-1985. A significant feature of this coordination is that it took place at a time when the increased possibilities of our countries' economies had created the prerequisites for the further development of the two countries' integration and when the social and economic tasks facing the two countries were being successfully accomplished.

Development of Cuba's power industry remains one of most important aspects of our countries' economic and technical cooperation in the current five-year-plan period. In 1981 construction of Cuba's first atomic power station (capacity 840 MW) with two power units began in the province Cienfuegos. This atomic power station when put into operation will save over 1.5 million tons of petroleum products per year.

The construction of the Havana new thermal power station, the capacity of which will reach 1,300 MW was started. It will be equipped with power units of 100 and 200 MW.

Assistance in developing a 220 kV power transmission network and constructing a 400-500kV electric power transmission line for linking users to the atomic power station is to continue.

In the nickel sector of the economy it is planned to commission in 1985, one of the largest projects, the Punta Gorda nickel factory. It will turn out 30,000 tons of products per year. Part of the factory's products will be delivered to the Soviet Union to repay the credit granted to Cuba.

The reconstruction of the Nikaro and Moa nickel factories which will increase their capacities for producing nickel concentrates is close to completion. In addition, the Soviet Union with other CMEA member-countries is participating in building another nickel factory (capacity 30,000 tons of products per year) in Las Camariocas.

It should be pointed out that the products of the nickel factories are important items in Cuba's export to the USSR and other countries.

The petroleum refining industry takes an important place in our countries' cooperation. With USSR aid a petroleum refinery is under construction in the province Cienfuegos. Its first stage is designed to refine three million tons of crude oil per year. Along with the construction of the new refinery the existing Niko Lopez (Havana) and Hermanos Diaz (Santiago de Cuba) enterprises are being reconstructed. After construction and reconstruction the petroleum refineries' capacities will be augmented by 75 per cent. The Santiago de Cuba lubricating material complex, comprising also installations for the recovery of waste oils, lubricating greases and mixing oils is in the final stage of construction.

The Soviet Union is also helping to construct and reconstruct a number of port premises designed for receiving and shipping oil and products of its refining.

The Jose Marti iron-and-steel works is being reborn again. Construction of an electric furnace shop is under way; a continuous billet casting machine and a "350" rolling mill are to be installed. The works' steel production capacities will increase from 350,000 up to 600,000 tons per year and those for rolled products--from 300,000 up to 510,000 tons per year. The reconstruction will result in considerable expansion of the product range which includes quality rolled stock and sections.

In the machine-building industry the USSR participates in creating capacities for repairing lorries in the towns of Santa Clara and Santiago de Cuba. Together with the Havana Cuban-Soviet Friendship vehicle repair shop the new capacities will assure the country's needs for repairing Soviet-made vehicles. The Santiago de Cuba factory's main production shop is already in operation and by the end of the five-year-plan period the two new facilities are expected to be commissioned.

The Victoria de Las Tunas building metalwork factory (rated capacity 20,000 tons per year; almost one-third of the country's requirements for metalwork), put into operation in 1981, is to increase its output. The plan is to almost double the factory's productive capacities, i.e., up to 40,000 tons of metalwork per year.

Cuba's light industry has considerably progressed. The commissioning of the first stage of the Santiago de Cuba complex, the largest project in the textile sector, is a vivid example of our countries' successful cooperation in this area. It is characteristic that by the decision of the Party and Government of Cuba this event was timed to coincide with a remarkable historical date in the Cuban people's life--the 30th anniversary of the assault on the Moncada barracks.

Speaking at the meeting, July 27, 1983, commemorating the above event and the starting up of the first stage of the factory Fidel Castro said that construction of this giant enterprise would be impossible without USSR assistance. Expressing its acknowledgement and gratitude to the fraternal Soviet people Cuba specifically means the practical assistance the USSR is rendering the country.

After the complex reaches its rated capacity (80 million sq. m. of cloth per year) the country's cloth output will increase almost 1.5 times.

The Balance cotton spinning factory (suburb of Havana) is in its last stage of construction. The factory's output, 15,000 tons of yarn per year, will more fully satisfy the textile industry's demands for this type of semi-finished product.

Development of Cuba's sugar industry by right takes and will always take a special place in our countries' economic and technical cooperation both in the current five-year-plan period and in subsequent years. This cooperation is characterized by a comprehensive approach to the accomplishment of tasks of increasing sugar production in the country. With USSR assistance new sugar mills are being constructed and those existing reconstructed. The capacities of machine-building enterprises for the sugar industry are being augmented, its railway transport reconstructed and modernized, and technological process automated control systems using up-to-date computer and microprocessor facilities introduced.

In the sugar industry, which brings in up to 80 per cent of Cuba's export receipts, the reconstruction of sugar mills made it possible to increase sugar cane refining capacities by approximately 20 per cent. The Holguin engineering works operates at its rated capacity. Its products (the KPT-1 sugar cane harvesters) assured mechanized sugar cane harvesting at fifty per cent of the planted area. During the 1981-1983 period alone, due to the use of harvesters, the number of people cutting cane in the country was reduced from 120,000 down to 96,000.³

At the Holguin engineering works along with the manufacture of KTP-1 harvesters that proved to be highly efficient, a new improved model, the KTP-2 sugar cane harvester, is being prepared for production. At present Soviet specialists are helping their Cuban friends to elaborate design documentation, manufacture and assemble separate parts, subassemblies and assemblies of the new harvester.

Special stress is placed on developing an engineering base for the sugar industry. The Soviet Union renders technical assistance to Cuba in reconstructing and expanding the Planta Mecanica machine-building factory in Santa Clara manufacturing equipment for sugar mills. The Tasia machine-building plant (Havana) and the Sagua la Grande steam boiler making factory are successfully operating at their rated capacities. This year, 16 steam boilers for sugar mills (world market value of each exceeding one million dollars) are to be manufactured.⁴

It should be stressed that the above assistance, besides goods deliveries under the auspices of the Ministry of Foreign Trade, is the USSR's share of participation in the CMEA member-countries' long-term specific programme of cooperation (LSPC) in the comprehensive development of sugar production in Cuba.

The Soviet Union's participation in comprehensive development of Cuba's agricultural production and industrial processing of citrus carried out

under the corresponding LSPC has become a new trend in cooperation. Soviet organizations render assistance through delivering necessary equipment and materials for the construction of citrus-packing stations, three shipping berths for their shipment and also assistance in land reclamation at the citrus plantations. With the increase of citrus crop in Cuba their export (as well as export of their processed products) to the USSR and other CMEA member-countries will also become larger. In 1982 alone the Soviet Union imported about 85,000 tons of Cuban citrus.

The Soviet Union's technical assistance in further developing the building material and civil engineering industries in Cuba is being rendered in greater volumes. The USSR is helping to construct production centres for building and assembling industrial enterprises, factories manufacturing ferroconcrete items for housing construction, a new crushing and grading factory is being built and the existing crushing and grading factories reconstructed, etc.

Reconstruction and modernization of railway, sea and air transport projects are important for solving Cuba's transport problem. The USSR assistance in reconstructing the Havana-Santiago de Cuba main railway line (length about 1,000 km), port premises and berths in Havana and Cienfuegos as well as the Havana and Qamaguei airports is of paramount importance. Furthermore, in the current five-year-plan period with USSR assistance the Santa Clara concrete sleeper factory will be constructed and put into operation, the San Luis locomotive shed reconstructed, the Havana railway junction is to be modernized and other railway and sea transport projects brought up-to-date and expanded.

The results of geological surveys carried out in Cuba with Soviet specialists' assistance showed that cooperation in prospecting for oil and gas both on land and the island's shelf was very promising. In the current and next five-year-plan periods the USSR will increase the volume of technical assistance to Cuba in geological prospecting for oil and gas, developing oil-fields and organizing industrial oil production. Along with prospecting for new oil-fields on land Soviet specialists will conduct geological and geophysical work on Cuba's sea shelf in the regions of the most probable occurrence of oil.

Positive results have already been obtained for augmenting oil production in the Havana-Matanzas and Varadero-Cardenas oil-fields prospected with Soviet specialists' assistance and presently operational. Important measures have been taken to increase oil production up to 700,000 to 800,000 tons by 1985, this is a significant amount as compared with 270,000 tons in 1980.

Geological surveys for oil are being carried out in the Pinar del Rio province.

One very timely trend for developing Cuba's agriculture is to raise soil productivity by means of land improvement. For Cuba which has practically exhausted all possibilities of bringing new lands under cultivation the measures aimed at controlling the water regime, irrigation and drainage

are of special consequence. Soviet organizations' assistance to Cuba in designing and constructing reservoirs and irrigation systems has become traditional. Soviet specialists have helped design more than 70 per cent of all reservoirs already constructed in Cuba. The USSR supplies Cuba with necessary equipment, machinery and facilities for undertaking land improvement.

A general scheme for utilizing the country's water and land resources, developed with Soviet specialists' participation, will promote the efficient use of water-engineering systems.

In the current five-year-plan period the Havana-Santiago de Cuba cable communication line will be commissioned. At present the trunk cable is already laid along the whole distance and its separate sections assure continuous communication between Havana, Santa Clara, Cienfuegos, Quamaguei, etc.

In subsequent years Soviet-Cuban economic and technical cooperation in solving major economic problems will be furthered. This will improve the Cuban people's well-being and expand the country's export possibilities.

It should be said that our countries' cooperation will progress further and deepen, and its effectiveness for the USSR and Cuban economies will be realized on a strictly scientific foundation the basis of which is the General Scheme for the development of Cuba's economy for the period up to the year 2000 and account of the economic cooperation, specialization and integration between the USSR and the Republic of Cuba elaborated by Soviet and Cuban specialists will be taken.

The specific volumes and trends of Soviet-Cuban cooperation for the next five-year-plan period will be determined and agreed in the course of the forthcoming coordination of state plans of economic and social development of the USSR and the Republic of Cuba for 1986-1990.

Economic and technical cooperation between the USSR and the Republic of Cuba is characterized by high dynamism and is built on a sound foundation of our countries' socio-economic system, their community of interests and tasks. "The history of world socialism," Yu. V. Andropov, General Secretary of the CPSU Central Committee, stressed in his speech at the June (1983) CC CPSU Plenary Meeting, "proves that the socialist system creates all the possibilities for confident social progress and harmonious relations between the countries. We see many, many examples of these possibilities being realized on the basis of the principles of socialist internationalism, which include both unconditional respect for the sovereign rights of each country and mutual comradely support, mutual assistance."⁵

For 25 years the Cuban people have already been selflessly creating the first socialist state on the American continent, and the Soviet Union is rendering substantial assistance and support to this noble endeavour.

FOOTNOTES

1. From the greeting of the CPSU Central Committee, the Presidium of the Supreme Soviet of the USSR and the Council of Ministers of the USSR marking the 30th anniversary of the assault on the Monkada barracks. PRAVDA, July 26, 1983.
2. PRAVDA, April 29, 1963.
3. GRANMA, August 6, 1983; TRABAJADORES, August 5, 1983.
4. JUVENTUD REBELDE, May 11, 1983.
5. PRAVDA, June 16, 1983.

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USSR-EAST EUROPE BILATERAL TRADE

USSR, GDR TRADE REPRESENTATIVES INTERVIEWED

Moscow SOVIET REPORT in English No 6, Nov-Dec 83 pp 8-9

[Interview with L. Lukyanov, USSR trade representative in the GDR, and C. Starke, GDR trade representative in the USSR, by O. V. Milyukov entitled: "USSR-GDR: Trade Tops 13,000 Million Roubles in 1983"]

[Text] Correspondent: The Soviet Union has been the biggest trade partner of the GDR since that republic's founding day. And from 1960 onwards the GDR has, for its part, been in the lead among the USSR's other foreign trade partners. Trade between our two countries is so big and many sided that in this talk we shall be able to touch on its basic aspects only. My first question is: What do the large-scale trade links between the USSR and the GDR mean to the economies of each country?

Christoph Starke: Two problems have all along been confronting the GDR's economy: first, the shortage of its own raw materials necessary for the normal functioning of its highly developed processing industry, and second, the marketing problem. The output of many products often exceeds the demand for them on a relatively small home market. All this explains why foreign trade is so important to our economy.

Socialist countries, the Soviet Union above all, account for nearly 70% of our foreign trade. Today the Soviet Union's share in the GDR's trade turnover tops 38% and will continue to grow in the next few years. No other two countries trade on such an enormous scale. I must note that in their bilateral trade relations the GDR and the USSR are always guided by the principle of mutual benefit.

The Soviet Union supplies practically all the natural gas and sawn timber we need; almost 90% of oil and cotton; 70-80% of our iron ore and ferrous rolled stock; and 60-70% of coal and non-ferrous metals.

Soviet-supplied ore accounts for three-quarters of the GDR's cast iron output. Almost one-third of the steel used in the GDR's industry is of Soviet make. Our power and chemical industries depend heavily on Soviet oil and gas supplies for their operation...

The import of Soviet machines and equipment, worth almost 800 million roubles in 1982, is of great importance for the GDR. Soviet industrial equipment

helps the GDR to create new production facilities, expand and reconstruct the existing ones. In the last few years, deliveries from the USSR constituted the following proportions of our total import figures: trucks, about 25%; machine tools, over 40%; tractors, about 80%; to name but a few items.

The USSR sends us large amounts of medicines, as well as leisure products and household appliances like watches, cameras, refrigerators, TV-sets, radios...

The import of licences for Soviet production processes is growing, too. We already use quite a number of Soviet-developed processes such as evaporative cooling of blast furnaces, coke dry quenching, underground coal gasification, etc.

The USSR's contribution to the progress of our power industry is difficult to overestimate. In 1976-1980, the Soviet Union helped us build over 70% of our total number of power generation facilities, including the first two phases of the Nord atomic power station, and the Tierbach and Boxberg thermal power stations. In 1980, the USSR supplied the first turbogenerator sets of 500,000 kW each for the four-million-kW Janschwalde thermal power station.

The GDR has built, with Soviet assistance, large high-pressure polyethylene and building structure factories. The USSR has provided the equipment for the Berlin and Rostock TV centres and for the ground transmitter-receiver station of the Intersputnik long-range space communication system.

All this can give you some idea of how important trade with the USSR is for the GDR.

Leonid Lukyanov: For its part, the USSR benefits a great deal from its trade with the GDR. In 1982, the Soviet Union's total foreign trade amounted to 119,000 million roubles, of which the GDR accounted for almost 11%. From the GDR, our national economy gets machinery, electrical and electronic equipment. Machines and equipment from the GDR are well-known in the Soviet Union. Machine tools, automatic production lines, forging and pressworking equipment, electric motors, ships, railway cars and other items of machinery and equipment constitute almost 68% of our import from the GDR. Annual deliveries of machines and equipment from the GDR are now worth over 3,300 million roubles, making up about 20% of the Soviet Union's total import of metalworking industry products.

Christoph Starke: Big Soviet orders enable the GDR to manufacture many engineering items in optimum quantities. We supply to the USSR almost 80% of all the railway cars; 70% of the automatic telephone exchanges; about 60% of the ships; 60% of the mobile refrigerator plants; and 40% of the machine tools and forging and pressworking equipment we make. Stability of our trade with the USSR enables us to confidently increase the output of the products purchased by the USSR, and to develop the branches which are of the greatest benefit to our economy. And this applies not only to mechanical engineering. The GDR has been supplying to the USSR textiles, furniture,

tableware, musical instruments, cosmetics and household chemicals for years, on a scale which has enabled us to organise the most profitable large-lot production of these items.

Correspondent: The economies of the CMEA member-states are mutually complementary. They are steadily becoming a single complex, a single economic organism functioning according to co-ordinated plans. Specialisation and joint production are increasingly gaining in importance.

While in the GDR recently, I visited the Schienenfahrzeugbau works which makes all kinds of railway cars--passenger, freight, refrigerator and dining. Albrecht Lauer, an executive of the works' foreign economic relations department, told me that 98% of the works' output were exported, almost 80% of the cars going to the Soviet Union.

Schienenfahrzeugbau builds diesel locomotives, too, but their power rating does not exceed 1,500 hp. The GDR does not make more powerful mainline diesel locomotives and prefers to purchase them from the USSR. It has already bought more than 2,500...

Such examples of specialisation run into thousands.

Christoph Starke: That's right, thousands! A GDR-USSR programme of specialised and joint production for the period ending in 1990 was signed in 1979. It provides for a wide complex of measures aimed at making full use of the advantages offered by bilateral specialisation and coproduction.

This programme set the strategic trends of economic, scientific and technical cooperation for years ahead. It ushered in a new stage of labour division between the two countries, a stage of long-term wide-scale cooperation in industry, science and engineering.

Leonid Lukyanov: In pursuance of this programme, the Soviet Union and the GDR have signed a long-term trade agreement for 1981-1985. In this five-year period, trade between our two countries is to approach 60,000 million roubles, i.e. to increase 1.5 times as compared with the previous five-year period. Now we are in the middle of this period, and it is safe to predict that the plan will be overfulfilled.

Speaking of our countries' economies being mutually complementary, I must stress that this principle receives much emphasis. In the current five-year period, the GDR will continue to import most of the primary products, it needs, organic fuels and industrial materials from the USSR.

In the current five-year period the Soviet Union will supply to the GDR large amounts of oil and oil products, natural gas, coal. The USSR will continue to export electric power, cotton, woodpulp and chemicals to the GDR.

To ensure the stability of these deliveries, the GDR takes part in expanding oil and gasfields, coal and ore mines, and raw materials processing factories

on the territory of the USSR. And it supplies mining, power-generating, oil- and gas extracting and chemical industry equipment.

Specialisation is practised not only in mechanical engineering. It is developing in other fields as well, the chemical industry, for instance. The Soviet Union produces for the GDR ammonia, methanol, butadiene, tetrachlorethane and other energy consuming chemicals in large amounts. For its part, the GDR delivers to the Soviet Union varnishes, paints, ethylene copolymers, and admixtures for polymer materials, i.e. chemicals which take much less energy to produce.

In the current five-year period, heavy-duty trucks, tractors, bulldozers, excavators, mining and building equipment, machine tools and tools will be supplied to the GDR by the Soviet Union. The Soviet Union will deliver complete plant for the construction and reconstruction of 26 factories and other installations in the GDR, to a total sum of over 1,000 million roubles. These Soviet deliveries will help complete the construction of the Janschwalde brown-coal-fired thermal power station, to build the third and fourth phases of the Nord atomic power station, to start work on the Stendal atomic power station, and to erect 3,200 m³ blast furnaces and a hot rolling mill at the Ost iron and steel works.

Christoph Starke: For its part, the GDR will export to the USSR, in 1981-1985, large quantities of presses and other items of forging and press-working equipment, refrigerator cars, passenger coaches, ships of various types, farm machines, machine tools...

Correspondent: In this context, could you please answer the following question. It is a well-known fact that the pattern of the USSR's trade with capitalist countries is quite unlike the one with socialist countries. In our dealings with capitalist countries we usually buy and sell products of the same type, and with socialist countries--of different types. This is due to the complementary nature of our economies, to an extensive development of specialisation. At the same time, we often exchange items of the same type, too--machine tools, for instance. In 1982, the USSR supplied to the GDR 47 million roubles' worth of machine tools and forging and press-working equipment, and bought over 380 million roubles' worth of such equipment. What's the idea behind such "duplicate" deliveries?

Leonid Lukyanov: They seem duplicate only at first glance. In the USSR and the GDR, machine tool industries, like other industries, are developing according to specialisation plans. The GDR purchases from us mainly the machine tools which its own industry produces in too small quantities, if at all. In the same way, we import from the GDR machine tools, automatic production lines and forging and pressworking equipment of the kinds the GDR's industry specialises in. It is impossible here to mention all the examples of specialisation--as you've already said, there are thousands of them. The important point is that specialised and joint production is geared towards the solution of vital economic problems. Specialisation and co-production involve the power engineering industry, shipbuilding, automaking, chemical engineering, the industry manufacturing equipment for

livestock breeding and fodder production, the radio industry, medical instrument making, communication equipment manufacturing, electronics, pharmaceutical, perfumery, cosmetic and many other industries. There is hardly a branch of the national economy left outside the process of socialist economic integration.

Co-ordination of national economic development plans enables our countries to concentrate on tasks of paramount importance. In the current five-year period, these tasks are the accelerated development of the fuel and energy complex, the saving of material resources, the implementation of the food programme and of the programme for raising the standard of living in the USSR and the GDR.

Christoph Starke: In the GDR, measures toward socialist economic integration and the budgetary allocations involved are provided for by a special section of the state plan. As regards the specialisation programme. I should like to quote here Erich Honecker, General Secretary of the Central Committee of the Socialist Unity Party of Germany, Chairman of the GDR State Council, who very aptly defined its significance for the development of co-operation with the Soviet Union as follows: "The GDR-USSR specialisation and co-production programme for the period ending in 1990 is for us a reliable basis for the dynamic development of our foreign trade links in the future as well... The results of joint efforts and co-operation in the fields of science, technology and industrial production determine, to an ever greater extent, the level of our co-operation and the rates of its broadening."

Correspondent: This future is in the making today. And in this connection, could you please share your opinion about the role scientific and technical co-operation has to play in the development of trade between our two countries?

Christoph Starke: This co-operation is of enormous importance. To date, the GDR and the USSR have signed about 175 agreements on scientific and technical co-operation on intergovernmental and ministerial levels. These agreements cover a decade, and some--even longer periods.

I shall mention some fields of co-operation. The joint development of new processes of, and new equipment for the gasification and chemical processing of coal is of great importance for carrying out the GDR's and the USSR's economic strategies. We have developed, jointly with the USSR, a new method of brown coal preparation and an installation for this purpose. In 1981, we signed an agreement on co-operation in developing and utilizing micro-electronic devices and industrial robots. Extensive research is done for promoting further progress in the building materials industry. In particular, we are developing dense lime concrete to be made in the GDR and in the USSR.

Another important form of bilateral co-operation is the joint reconstruction and modernisation of industrial installations in the GDR and the USSR. Under reconstruction now, for instance, is the Sachsenwerk Dresden plant, a major manufacturer of electrical machines, which Soviet specialists are helping

us modernise. For its part, the GDR takes part in reconstructing and modernising light and food industry enterprises in the USSR.

Jointly developed machines and processes and jointly built or modernised plants will certainly become an important factor in the further broadening of trade between the GDR and the USSR.

Leonid Lukyanov: The outlook for our trade is good. The fulfillment, strictly to schedule, of the mutual commitments undertaken under the USSR-GDR long-term trade agreement for 1981-1985 will enable our two countries to make still fuller use of the advantages offered by international division of labour, and develop their economies at a still faster pace.

CSO: 1812/104

USSR-EAST EUROPE BILATERAL TRADE

BULGARIAN MACHINEBUILDING, ELECTRONICS CENTER TO OPEN IN MOSCOW

Moscow FOREIGN TRADE in English No 1, Jan 84 pp 52-53

[Article by N. Gordeyeva: "Bulgarian Machinebuilding and Electronics Technical Center in the USSR"]

[Text] The construction of a Bulgarian technical centre for machine building and electronics is nearing completion in the Krasny Mayak street, Chertanovo district, Moscow.

The editorial board of the FOREIGN TRADE magazine asked Stefan Stanev, Deputy Director of the Centre, to speak about the aims and prospects of the Centre.

"The People's Republic of Bulgaria is one of the Soviet Union's biggest trading partners. The share of machines, equipment and electronic computers in the total volume of goods exported by Bulgaria to the USSR is increasing every year.

The Soviet-Bulgarian Long-Term Cooperation Programme provides a set of measures to be taken to expand cooperation in the maintenance of machines, equipment and other facilities delivered by each country to the other.

The Bulgarian Machine-Building and Electronics Technical Centre is constructed in Moscow on the basis of the intergovernmental agreement between the two countries which stipulates the opening of Soviet technical centres in Bulgaria and Bulgarian centres in the USSR.

The Technical Centre's aims are:

to create optimal conditions for training Soviet specialists in maintaining and repairing Bulgarian machines, equipment and instruments delivered to the USSR;

to demonstrate new machines, equipment and instruments and advertise them;

to improve the system of supplying customers with spare parts.

Contracts between the Soviet foreign trade association Sojuzvneshstrojimport and the Bulgarian foreign trade organization, Balkancarimpex specify the scope of construction work carried out by Soviet and Bulgarian specialists.

To cope with the tasks facing it the Technical Centre has been given all necessary facilities; computer bureau, conference hall, lecture-rooms, repair shops, laboratories, library, two cinema halls able to seat 120 and 55 persons respectively, rooms for conducting negotiations and receiving visitors.

In the permanent show-room and adjacent open grounds eleven Bulgarian foreign trade organizations will display their products. Among these organizations are: Balkancarimpex (motor and 1-2-3-ton electric cars), Agromachinaimpex (agricultural machines), Electroimpex (automatic telephone exchange equipment), Machinoexport (industrial robots, lathes, milling machines and production lines, bearings, hydraulic equipment), Technoexport (complete sets of processing equipment for the food industry, automatic lines for manufacturing bricks, factory conveyance and hoisting facilities for store rooms, equipment for greenhouses).

At one time up to four hundred Soviet workers and specialists can undergo training in the Bulgarian Machine-building and Electronics Technical Centre. The different training courses will last from a week to three months depending on the level of the students initial knowledge. [as published] About 3,000 specialists are to be trained in the Technical Centre every year.

The Centre's expected opening date is in May 1984.

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CSO: 1812/104

TRADE WITH INDUSTRIALIZED COUNTRIES

MEETING OF USSR-GDR COMMISSION ON ECONOMIC, SCIENTIFIC COOPERATION

Moscow EKONOMICHESKAYA GAZETA in Russian No 52, Dec 83 p 20

[Article: "Sittings of Commissions"]

[Text] The regularly scheduled sitting of the intergovernmental commission on economic and scientific-technical cooperation between the USSR and the GDR took place in Berlin.

They examined questions associated with the further intensification of all-round cooperation between the USSR and the GDR for the period up to 1990. The questions grew out of agreements reached during the visit of a GDR party-government delegation's visit to the Soviet Union in May 1983.

The commission discussed the interaction of the two countries in meeting the targets of the USSR Food Program. Agreements were signed on cooperation in the construction of storage facilities for fruit and vegetables, on the production of seed stock for fodder crops, on the reconstruction of enterprises for repairing and restoring agricultural machinery, on the production of hermetically sealed railroad cars for transporting foodstuffs, and on increasing the effectiveness of certain microbiological processes.

Participants in the sitting noted that in the course of fulfilling previously concluded agreements aimed at the intensification of the production of consumer goods, a number of enterprises had significantly increased their labor productivity and improved the quality of their product.

The problem of creating new, highly productive technologies in the chemical and metallurgical industry was discussed. Ratified measures on the development of direct ties between USSR production associations and GDR combines will be instrumental in improving the exchange of experience and in increasing cooperation between the two countries.

The USSR delegation was headed by L. A. Kostandov, deputy chairman of the USSR Council of Ministers; the GDR delegation was headed by G. Schuerer, deputy chairman of the GDR Council of Ministers.

E. Honecker, general secretary of the Central Committee of the Socialist Unity Party of Germany; chairman of the GDR Council of State, received L. A. Kostandov. In the course of their talk, it was noted that the dynamic development of economic relations planned for the extended future between the USSR and the GDR is an important contribution to the strengthening of the entire socialist community.

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CSO: 1825/60

TRADE WITH INDUSTRIALIZED COUNTRIES

ACTIVITIES OF FINNISH FIRMS IN USSR NOTED

Moscow EKONOMICHESKAYA GAZETA in Russian No 51, Dec 83 p 21

[Article by S. Nikolayev: "New Representations of Finnish Firms"]

[Text] Official ceremonies were recently held in Moscow on the occasion of the opening of the representation of the "Finnstroy" Joint Stock Company and the joint representation of the "Imatran Voyma," "Rozenlev" and "Alko" joint stock companies. As stated at the press conference held in connection with the opening of their representations, these Finnish firms have given a good account of themselves as well known and reliable partners of Soviet foreign trade and industrial organizations.

The "Finnstroy" Joint Stock Company is engaged in the large-scale construction and reconstruction of a number of industrial enterprises in the Soviet Union. The value of work performed by Finnish firms in the USSR in the last 15 years has comprised 15 percent of Finland's total export volume to our country. In particular, "Finnstroy" is participating in the construction of the Kostomukshskiy Ore Dressing Combine--one of the largest Soviet-Finnish cooperative projects. The contract to participate in the construction of the combine provided jobs for more than 3000 Finnish workers at the construction site and approximately 10,000 persons in Finland.

As K. Rastas, chairman of the board of the "Finnstroy" Joint Stock Company, noted, all conditions are at hand for further expanding mutually advantageous business relations between Finnish and Soviet partners. This is evidenced by contracts recently signed of late and also by the potential for cooperation in third countries.

The "Imatran Voyma" Joint Stock Company has made a substantial contribution to the development of Soviet-Finnish cooperation in the realm of power engineering. It has concluded a long-term contract that calls for the USSR to supply electric power to Finland. The construction of two atomic electric power stations in Finland is linked to its name. The firm is in favor of inviting Soviet organizations to participate in the construction of new atomic electric power stations in Finland.

Soviet clients are very familiar with the "Rozenlev" Joint Stock Company's pulp-paper and chemical equipment, grain harvesting combines and packaging

materials and with its refrigerators. Cooperation is being organized in the development of wood processing and papermaking equipment.

The products of the "Alko" Joint Stock Company have also gained recognition in our country. As noted at the press conference, new possibilities for expanding the firm's ties with Soviet organizations are opened up in connection with the signing of a protocol on cooperation in agriculture and food production in June of this year.

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CSO: 1825/60

TRADE WITH INDUSTRIALIZED COUNTRIES

SOVIET-ITALIAN COMMISSION COOPERATION, TRADE OFFICIAL VISITS NOTED

Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 84 p 21

[Article: "Soviet-Italian Cooperation"]

[Text] The 23d Session of the Joint Commission on Scientific and Technical Cooperation Between the USSR and Italy was held on 19-20 December in Moscow. The present and prospective development of bilateral economic and scientific-technical cooperation.

The commission noted that trade and economic ties between the USSR and Italy in the period elapsing since its last session continued to develop in accordance with the agreement on economic cooperation in the period between 1980 and 1985. Last year, trade between the two countries increased compared with 1981 and amounted to 4 billion rubles. This year, it is expected that it will be at the 1982 level. In trade volume, Italy occupies third place in the USSR's foreign trade with Western countries. On the whole, in the space of 4 years (1980-1983), the volume of Soviet-Italian trade will considerably exceed the volume of trade for the entire preceding five-year period (1975-1979).

It was emphasized that both sides are actively cooperating in the construction of industrial complexes in the USSR in line with the long-range program for the intensification of economic and industrial cooperation. In accordance with concluded agreements and contracts, Italian firms are supplying the Soviet Union with machinery and equipment for the Urengoy-Uzhgorod export gas pipeline, for individual enterprises in the chemical, metallurgical, pulp-paper, light and food branches of industry and in the construction materials industry.

It was noted that there are broad possibilities for expanding trade, economic, industrial and scientific-technical cooperation so that reciprocal deliveries of goods would be more balanced. Specific recommendations on utilizing these possibilities were examined.

The question of completing the coordination of a new long-range program for intensifying economic, industrial and technical cooperation between the USSR and Italy up to the year 1990 was also examined and it was agreed to submit its text for ratification by their governments for future signing at the intergovernmental level.

The commission examined the activity of branch working groups and in particular the working group on cooperation in the field of chemistry. It expressed satisfaction with their work and recommended increased activity for the purpose of ascertaining new, specific directions for expanding scientific and technical cooperation between the USSR and Italy and of more closely coordinating scientific-technical cooperation with industrial and economic cooperation. The Italian-Soviet Chamber of Commerce reported on past work and the basic directions of its future activity.

The Soviet delegation to the session was headed by N. D. Komarov, first deputy minister of Foreign Trade; the Italian delegation was headed by B. Korti, deputy minister of Foreign Affairs.

The session was conducted in a businesslike, constructive atmosphere and in the spirit of mutual understanding.

On 20 December, N. K. Baybakov, deputy chairman, USSR Council of Ministers; chairman of USSR Gosplan, received B. Korti, deputy minister of Italian Foreign Affairs, who headed the Italian delegation to the 13th Session of the Joint Soviet-Italian Commission on Economic and Scientific-Technical Cooperation.

On the same day, G. I. Marchuk, deputy chairman, USSR Council of Ministers; chairman, State Committee for Science and Technology, received B. Korti. The question of expanding economic and scientific-technical cooperation between two countries was discussed.

D. Miluolo, Italian ambassador to the USSR, took part in the talks.

On 19 December, N. S. Patolichev, minister of USSR Foreign Trade, received B. Korti, deputy minister of Italian Foreign Affairs, who headed the Italian delegation to the 13th Session of the Joint Soviet-Italian Commission on Economic and Scientific-Technical Cooperation

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TRADE WITH INDUSTRIALIZED COUNTRIES

SOVIET-NORWEGIAN WORKING GROUP MEETING HELD

Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 84 p 21

[Article: "A Sitting of the Soviet-Norwegian Working Group"]

[Text] The Third Sitting of the Permanent Working Group on Economic and Industrial Cooperation Between USSR and Norway took place in Oslo.

The sitting discussed the present and prospective development of trade and economic cooperation between the two countries. The further increase in trade in 1982-1983 was noted. The two sides examined the potential for the development of Soviet-Norwegian cooperation in the development of the Barents Sea shelf, reciprocal deliveries of power equipment for hydroelectric power stations, the modernization of enterprises in the pulp and paper industry, the production of housing for rural areas, and deliveries of ships and marine equipment.

During the sitting, there were meetings and talks between representatives of Soviet foreign trade organizations and Norwegian firms and a number of contracts were signed.

It was agreed that the next scheduled meeting of the working group in 1984 in the USSR.

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TRADE WITH INDUSTRIALIZED COUNTRIES

PAST COURSE, CURRENT PRESSURES ON SOVIET-JAPANESE TRADE DETAILED

Moscow ARGUMENTY I FAKTY in Russian No 52, 27 Dec 83 p 4

[Article by M. Kuryachev: "Soviet-Japanese Trade: Attainments and Problems"]

[Text] The development of postwar Soviet-Japanese trade and economic relations has been based on a trade treaty signed in December 1957. The objective necessity of concluding the treaty stemmed from the mutual desire of the sides to make more complete use of their close geographical proximity to one another and the benefits of the international division of labor. The basic principles of the trade treaty found their further development of a whole series of Soviet-Japanese agreements: on trade and payments; on the establishment of regular sea and air traffic; on coastal trade; on compensatory deals; on credit-financing and other matters.

With the passage of time, the contractual and legal forms arising from the trade treaty have been improved and expanded. The initial one-year trade and payments agreements gave way to three-year and then to five-year agreements. At the present time, the fourth agreement on trade and payments for 1981-1985 is presently in effect. The transition to the practice of concluding five-year agreements concurrent with the USSR's state plans for the development of its national economy has made it possible to place Soviet-Japanese trade on a more stable and planned footing and has given the trade relations proper a stable and long-term character.

During the third five-year agreement (1976-1980), trade between the USSR and Japan steadily increased and almost doubled with the preceding five-year period, reaching 12,066 million rubles (see table).

In the first two years of the fourth agreement on trade and payments, the volume of Soviet-Japanese trade continued to grow: in 1981--3029.5 million rubles and in 1982--3682.4 million rubles. Of the developed capitalist countries, Japan occupied fourth or fifth place in this regard.

Japan is presently a major purchaser of lumber, structural timber, fish and marine products from the USSR and is our country's main supplier of steel pipe, roadbuilding equipment, polyvinyl chloride plastic, artificial silk yarn, and silk textiles.

During the third five-year agreement on trade and payments, the USSR imported from Japan machinery and equipment valued at 3.2 billion rubles; steel pipe--1.6 billion rubles; rolled ferrous metals--820 million rubles; chemical products--430 million rubles; artificial silk yarn--32,000 tons; and silk textiles--227 million square meters.

Starting with the second half of the 1960's, the USSR and Japan began a cooperative effort to develop the natural resources of Siberia and the Far East. For the purpose of developing this form of foreign economic relations, economic cooperation committees were established in 1965. Soviet participants in the work of the committees were representatives of interested ministries and departments; Japanese participants were prominent members of the country's business community.

Since the committees were founded, they have held eight meetings that have articulated the basic principles of interrelations between the two sides, indicated possible directions of future development of Soviet-Japanese economic cooperation, and discussed 20 specific projects. Of this number, seven have already been carried out or are in progress (three projects are related to the development of the timber resources of Siberia and the Far East; one project involves a cooperative effort in the construction of the port of Vostochnyy; one project is devoted to coal mining in Southern Yakutiya; and one project is exploring for oil and gas on the Sakhalin shelf).

The unique feature of these projects is their compensatory character. Japan supplies the USSR with machinery, equipment and supplies on credit which is subsequently repaid in the form of deliveries of products from the newly created enterprises.

Between 1969 and 1980, exports from the cooperative projects comprised approximately 11 percent of the total value of our exports to Japan. On the other hand, the share of imports from cooperative projects was 12 percent of the total value of Soviet imports from Japan during the same time.

Thus the materialization of cooperation in the development of Siberia and the Far East has become one of the main factors in expanding trade between the two countries. This important function will not change in the 1980's and 1990's since many large-scale projects will be carried out over a long period of time--up to 20 years.

Participation in industrial trade exhibits is an important way of maintaining mutual business contacts and of developing new contacts between Soviet foreign trade organizations and Japanese firms. Between 1976 and 1980 alone, 1200 Japanese firms and organizations participated in exhibits in the USSR.

Relations with Japanese firms are developing in the area of science and technology. At the present time, the State Committee for Science and Technology has scientific and technical agreements with 17 Japanese firms. In 1982 alone, 50 seminars and workshops were held, more than 70 groups of Japanese specialists were received in the Soviet Union, 35 [Soviet]

delegations were sent to Japan, and the testing of various kinds of materials, machinery and equipment are continuing within the framework of these agreements.

At the same time, it should be noted that cooperation in the form of intergovernmental agreements on science and technology is developing at a slow pace. The intergovernmental Soviet-Japanese commission on scientific and technical cooperation held only 2 meetings in the 10 years it was in existence and ceased to function altogether in the last 3 years. The Japanese are solely to blame for this situation.

The explanation is that in recent years, Japanese ruling circles have more and more actively tried to give a political hue to purely economic problems. In particular, they do their utmost to revive the question of the so-called "northern territories."

The Japanese business community is also under pressure from the other side of the ocean which is aimed at compelling it to refrain from expanding mutually advantageous relations with the USSR and at hindering the implementation of existing agreements. Unfortunately, some corporations yield to the pressure and follow the lead of the notorious American policy of "sanctions" which affect the volume of Soviet-Japanese trade. The biggest losers are the Japanese firms themselves which lose profitable Soviet orders in the competitive struggle against West European companies.

We, however, are willing to continue and develop large-scale and long-term trade and economic relations with Japan that would be mutually advantageous and stable, that would simply be devoid of elements of political blackmail and pressure.

Now that Soviet industry is able to supply its national economy with virtually all types of modern, sophisticated equipment the hopes of certain U. S. politicians and their backers in other countries to halt our development with the aid of discriminatory measures are naive to say the least. Those countries that yield to pressure from the other side of the ocean may pay the price of losing their own positions in Soviet foreign trade.

Only if there is good will and a healthy political climate in interrelations between nations, only if the mutual benefits are soberly assessed can the vast potential that such mighty neighboring industrial countries with complementary economies as the Soviet Union and Japan be realized in full measure.

The Volume of Soviet-Japanese Trade
(in billions of rubles)

	1971-1975	1976-1980	1982
Exports	2,955.7	4,232.3	756
Imports	3,190.1	7,834.2	2,926.4
Total turnover	6,145.8	12,066.5	3,682.4

TRADE WITH LDC'S

SOVIET COOPERATION WITH AFGHANISTAN IN CONSTRUCTION, TRADE DETAILED

Housing Construction in Kabul

Moscow ZHILISHCHNOYE I KOMMUNAL'NOYE KHOZYAYSTVO in Russian No 10, Oct 83, p 13

[Text] In Afghanistan, voluntary labor has become a new continuation of an old custom -- the "khashara," when people gathered together to help each other. This year in Kabul they planted four times more tree saplings and shrubs than last year. Roads are being repaired and irrigation ditches cleaned out.

Civil construction is one of the current tasks facing the revolutionary authorities. "The state considers the provision of workers with well-planned housing to be one of its main tasks," state the Basic Principles of the Democratic Republic of Afghanistan.

The construction of the new Bibi Magru region in Kabul is planned for 15 years. Here, around 100,000 people will receive new housing with all the conveniences. Along with the customary four- and five-story units, 10- and 12-story houses are being erected. Such a high-rise residential building has already been begun in the Antari microrayon.

The Kabul House Building Combine, built with the aid of the Soviet Union in 1982, has after reconstruction increased its production capacity by one-and-a-half times, reports the newspaper MOSKOVSKAYA PRAVDA. In the current year it will turn out up to 52,000 m² of housing, and in the near future it is anticipated that this figure will increase to 100,000 m².

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Goods Shipped to Afghanistan

Tashkent PRAVDA VOSTOKA in Russian 13 Nov 83 p 1

[Text] The "Sovavto-Termez" collective, the youngest of nine auto transport enterprises for international shipment operating in our country, is operating one month ahead of its production schedule.

...Khayraton, Mazari-Sharif, Turgundy -- these are the populated areas located in the north of Afghanistan to which large "MAZ-504" with 20-ton trailers are

departing from Termez. They are loaded with food and industrial goods delivered from the Soviet Union, as well as transit loads which go to Afghanistan from different European countries. On their return trips they carry products from the nitrogen fertilizer plant operating near Mazari-Sharif and goods of traditional Afghan export.

The drivers of "Sovavto-Termez" are successfully fulfilling the tasks placed before them. Drivers N. Dzhuray, A. Belousov, T. Khaydarov and others are doing outstanding work. Their excellent knowledge of the routes, good driving skills, and careful maintenance of equipment help them in achieving these high indicators. Last summer, a new complex on technical servicing and repair of rolling stock went into operation at the enterprise. The drivers consider it their duty to personally participate in preparing the vehicles for the trip. They work together with the repairmen in correcting any defects which may be found. This helps to fulfill each scheduled trip assignment in time and without delay.

KamAZ Batteries from Kazakhstan

Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 26 Jan 84 p 1

[Text] TALDY-KURGAN. Freight cars with products for Afghanistan have left the shipping docks of the lead storage battery plant. Storage batteries for the "KamAZ" and other heavy duty automobiles have increased technical characteristics and a longer service life.

Presently the plant's collective has delivered its product for the first time to 80 countries of the world. The export volume has increased by a factor of 1.5 as compared with last year.

USSR-Afghanistan Agricultural Cooperation

Moscow SEL'SKAYA ZHIZN' in Russian 4 Dec 83 p 3

[Article by Viktor Mikhin]

[Text] On 5 December the people of the Soviet Union and the Democratic Republic of Afghanistan celebrate the fifth anniversary of the signing of the Agreement on Friendship, Neighborly Relations and Cooperation. The years during which this agreement has been in effect have been marked by the flourishing of friendly ties and mutual interaction of our countries.

The role of this cooperation in the work of developing the Afghan economy is great. We know that the agriculture of the DRA yields the main portion of the republic's national income. It is most natural that the assistance of the USSR in this sphere has particularly great significance for the Afghans. For example, the Dzhelalabad irrigation complex and an irrigation system at Sarda Dam in the province of Gazni were built with the aid of our country. These structures, as stressed in the Afghan press, have made it possible to bring over 40,000 hectares of new lands into use. Technical cooperation in drilling artesian wells and in construction of wells in the southern and southwestern

regions of the country will in the future make it possible to irrigate 1,800,000 hectares of grazing land.

The cooperation aimed at developing the national industry of the DRA is also being expanded. Of the overall volume of industrial production manufactured in the state sector, over 70 percent is comprised of enterprises built with the help of the USSR. In five years, Soviet specialists have trained around 70,000 skilled Afghan workers. Soviet-Afghan trade is also developing successfully, and its volume has more than tripled in this period.

The political significance of the agreement is particularly important under the conditions whereby U.S. imperialism, which has placed its stage on the most reactionary forces in the region, has unleashed and is continuing to wage an undeclared war against the DRA and is striving to liquidate the conquests of the April Revolution by any means possible. The help and support of the USSR is highly valued by Afghan society and by leaders of the republic, who have often stressed that the inviolable friendship with the Land of the Soviets inspires the people of Afghanistan to new achievements.

The Soviet-Afghan agreement is firm basis for friendly relations between the two states. It fully meets the interests of our peoples and reliable serves the cause of strengthening peace in Asia and in the entire world.

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TRADE WITH LDC'S

CEMA-LDC JOINT PROJECTS LISTED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 9, Sep 83 pp 69-72

[Article by Yevgeniy Nikolayev: "Cooperation of CEMA Member Countries With Developing Nations"]

[Text] Solidarity with the legitimate aspiration of the developing states to achieve full economic independence, to exercise every people's right to dispose of its national natural resources in its own interest, to eliminate exploitation by the imperialist transnational companies, to extricate themselves from inequality and oppression, and to create and bolster the state sector of their economy, is expressed in the decisions of the supreme CEMA organs and in the statements of their representatives at the most important international forums.

The USSR and other fraternal countries were given an opportunity to establish and develop economic ties with the developing countries, including those in Asia, after the collapse of the colonial system, which was set in motion by the Soviet Union's great victories in World War II.

From the first days of the creation of the independent states of Asia the Soviet Union and other CEMA member countries established diplomatic relations with them and began to develop trade relations and economic relations.

At the beginning of 1982 they had extended economic and technical aid to 97 developing countries of Asia, Africa and Latin America, including 30 states in Asia.

"Solidarity with the states which have freed themselves of colonial oppression, with peoples asserting their independence," Comrade Yu. V. Andropov, general secretary of the CPSU Central Committee, remarked at the November (1982) Plenum of the CPSU Central Committee, "has been and remains one of the fundamental principles of Soviet foreign policy."

By 1982 the developing countries of Asia had the largest share (about 58 percent) of the total volume of economic and technical aid extended by the socialist commonwealth to all developing states.

This aid has been extended above all to India, Iraq, Iran, Syria, Turkey and Afghanistan. They have been granted the most substantial government and commercial credits.

The number of industrial enterprises and other projects built, under construction and to be built in the developing countries of Asia, Africa and Latin America with the economic and technical aid of the CEMA member countries was 5,058 at the beginning of 1982, 2,822 of them in Asia, including 1,062 in Iraq, 406 in India, 280 in Iran, 235 in Syria, 191 in Afghanistan and 53 in the People's Democratic Republic of Yemen.

The fraternal countries have built 3,421 projects and turned them over to the ownership of the developing countries in Asia, Africa and Latin America, 1,694 of them in Asia. In Iraq 399 projects have been built, in India 352, in Iran 316, in Syria 175, in Afghanistan 99 and in the People's Democratic Republic of Yemen [PDRY] 31.

The bulk of the products of up-to-date branches of industry in many developing countries of Asia today come from enterprises built in the government sector with aid from the CEMA member countries. For example, they are producing and refining all the petroleum in Syria, 100 percent of the natural gas and nitrogen fertilizers in Afghanistan, and generating more than 70 percent of the electric power in Syria and Afghanistan.

Projects built in the government sector of India with the economic and technical aid of the USSR account for about 40 percent of the entire output of ferrous metallurgy, 77 percent of petroleum production and 30 percent of petroleum refining, about 90 percent of the products of heavy machinebuilding, and 20 percent of the electric power generated.

Construction of the second phase of the metallurgical plant at Bokaro, whose output has reached approximately 2.5 million tons of steel per year, and the expansion of the Bhilai Metallurgical Plant to 4 million tons of steel a year is being completed. Preparations have begun for building the first phase of the metallurgical plant at Vizagapatam. An aluminum plant with an output of 100,000 tons of aluminum per year has been built at Korba --the first plant in the nonferrous metallurgical industry in India's public sector.

Oil wells are being drilled and surface facilities at them built, and the petroleum refinery at Mathura with a capacity of 6 million tons of petroleum per year is being readied for startup. At the end of 1981 a tropospheric communication line was opened with ceremonies between the USSR and India.

Cooperation with Hungary has led to construction in India of factories for dressing iron ore, coal mines, an alumina plant and a plant is now being built to produce steel pipe for petroleum and gas pipelines; in cooperation with the GDR--oxygen and acetylene installations; with Poland--ore-dressing factories, plants making refractories and steel and iron castings, coal mines for production of coking coal; with Czechoslovakia--large plants for the production of castings, forgings, products of machinebuilding and metal working, and so on.

One of the typical features of the economic and technical aid of the CEMA member countries to India is the comprehensive approach to development of particular branches of industry.

For instance, in cooperation with the Soviet Union raw materials are being mined for ferrous metallurgy at such projects as the (Radzhara Pakhar) and (Dalli) iron mines, the (Surakchkhar) and (Banki) underground coal mines and the (Manikpur) strip coal mine, and the (Nandini) limestone quarry. The metallurgical plants at Bhilai and (Bokaro) have begun to smelt steel. The heavy machinebuilding plant at Ranchi, the underground mining equipment plant at Durgapur, the heavy electrical equipment plant at Hardwar--are the first in the Indian national heavy industry to be operating with raw materials from their own metallurgical industry. They account for about 80 percent of the output of India's heavy machinebuilding.

At the present time more than 50 percent of India's petroleum is produced in the public sector. All of its fields have been opened with the help of Soviet specialists in spite of statements in the Western press about the absence of petroleum deposits in the country.

More than 1,000 industrial and other projects have been built, are under construction or are to be built in Iraq with the economic and technical aid of the CEMA member countries. The oil fields Northern Rumaylah with a capacity of about 46 million tons of petroleum a year, (Mukheys)--2.5 million, Nahr' Umar --1.5 million tons) are being rigged out in collaboration with the USSR. The (Khadid) Hydropower Complex is being built on the Euphrates River, and the Tharthar--Tigris, Fallujah --(Iskandariyah, and Kirkuk--(Adkheym) Canals are under construction. A large petroleum depot is being built under a general contract at New (Karkha), the pumping station at (Dora) is being expanded, and a petroleum products pipeline is being built from (Mishakhda) to (Karkh) (105 km). A contract has been signed for drilling operations at the petroleum deposit in western (Kurna) in connection with the planned creation of an oil field with a capacity of about 30 million tons of petroleum per year.

Bulgaria has extended aid to Iraq in building the (Dora)--(Rusafa) petroleum products pipeline; the GDR concerning construction of the Baghdad--Basra--(Um Kasr) railroad and the slaughterhouse in Baghdad; Czechoslovakia--the largest oil refinery in the Near East, located at Basra with a capacity of 3 million tons of petroleum per year; and the Republic of Cuba--the Mosul--Kirkuk road.

The joint CEMA-Iraq commission created in 1975 is playing an important role in development of comprehensive economic relations with Iraq.

The CEMA member countries are extending much economic assistance and technical aid to the Syrian Arab Republic.

In cooperation with the Soviet Union the Euphrates Hydropower Complex, the largest in the Near East, has been built; it is generating 65 percent of all Syria's electric power and makes it possible to irrigate more than 600,000 hectares of land.

The large amount of inexpensive electric power and the guaranteed irrigation of large tracts of land afford the possibility of expanding the volume of production in industry and agriculture.

Speaking at ceremonies when the dam was built across the Euphrates, Syrian President Hafez Asad said: "The Euphrates dam will remain an important symbol of the friendship between the Arab people and the peoples of the Soviet Union."

Construction of the Tartus--Baniyas--Latakia long-distance power transmission line (86 km) has been completed with the assistance of Soviet organizations. At the present time other long-distance power transmission lines are being built with a total length of 572 km. Construction of the Damascus--Homs (208 km), Homs--Aleppo (180 km) and (Mkhin)--Palmyra (120 km) railroad lines is nearing completion. With the help of the USSR a highly profitable petroleum industry has been built in Syria in a short time, furnishing as much as 60 percent of all the proceeds from exports. Construction is continuing on the main canals of the irrigation system in the Meskan region and of the dam on the Northern Kabir River.

Bulgaria has been cooperating with Syria in building the (Oront)--Latakia railroad; the GDR--a cotton spinning mill with 75,000 spindles at Hasakah cement plants, and for development of the food industry--10 wheat mills with a total capacity of 2,500 tons per day. In addition, the GDR is supplying Syria sizable quantities of complete medical equipment for rural infirmaries, hospitals and medical stations; Czechoslovakia--equipment for a sugar mill to process 4,000 tons of beets per day.

Large phosphate rock deposits have been discovered in Syria with involvement of the CEMA member countries; they are the basis for the first state mining complex, which has been built and put into operation.

In Iran 280 industrial and other projects have been built, are under construction or are to be built with the help of the fraternal countries.

Geological explorations for minerals to supply the Isfahan Metallurgical Plant, built with the economic and technical aid of the USSR, are being conducted with the help of the Soviet Union. At the present time its capacity is being expanded to 1.9 million tons of steel per year. The "Isfahan" Thermal Electric Power Station, with a capacity of 800 MW, is being built. Eight grain elevators are being erected with a total capacity of 380,000 tons of grain, housing construction combines are being set up in the cities of Kerman and Meshed, and 10 educational centers are being built.

Examples of cooperation between Czechoslovakia and Iran are a cement plant with a capacity of 2,000 tons per day, construction of a sugar mill at Dizful with a capacity of 5,000 tons per day.

In 1981 the Soviet Union extended aid in Afghanistan in the construction of 56 projects and in the operation of 50 built previously.

Afghanistan enterprises built with aid from the USSR account for about 70 percent of the factory-plant output of the state sector, 100 percent of natural gas production, the entire output of nitrogen fertilizers and products for large-panel housing construction, 100 percent of the flour and industrially produced bread and baked goods, and 60 percent of the electric power.

In 1981 the (Dzharkuduk) Gas Field (1.5 billion cubic meters of gas per year), an industrialized bakery in Kabul (65 tons of bread and baked goods per day) and a number of other projects were put into operation. A highway and railroad bridge was built with assistance of the USSR across the Amu Darya River, an airport and housing construction combine are being built in Kabul, a space communication station in the "Intersputnik" system, an elevator and mills, a plant for processing citrus fruit and olives at Jalalabad, and seven machine-tractor stations have been built. Geological explorations have been conducted for petroleum, gas and solid minerals, and educational centers for vocational and technical education have been equipped.

Several cement plants have been built in Afghanistan with aid from Czechoslovakia.

At the present time the CEMA member countries are studying the possibility of multilateral cooperation in developing the (Aynak) copper deposit.

In Turkey expansion of the metallurgical plant at Iskenderun from 1 million to 2.2 million tons of steel per year is continuing with the economic and technical aid of the USSR.

The "Orhaneli" Thermal Electric Power Station with a capacity of 210 MW is under construction; it will be fired with low-grade coal--lignite. A hydrogen peroxide plant is being built at Bandirma, a petroleum refinery with a capacity of about 10 million tons of petroleum per year at Aliaga, and a sodium bichromate plant at Mersin.

The "Yatagan" Power Station has been built in Turkey and the "Yenice" is being built with help from Poland.

Czechoslovakia has built a ceramics plant with a capacity of 3,000 tons of wall tile and 5,000 tons of floor tile per year. Construction of two plants to make metal working machine tools is being completed.

The CEMA member countries are extending extensive aid to the People's Democratic Republic of Yemen.

With the help of Soviet organizations thermal power stations are being built with a capacity of 50 MW along with a desalinization complex with an output of 28,000 tons of distillate per day. Drilling is under way, and 130 wells are being rigged out for irrigation of land in (Akhvsar) and Hadhramaut.

Dams and irrigation canals, a fishing port and repair shop at a training facility have been built with the help of the USSR in Aden. Geological explorations are under way for petroleum, gas and solid minerals.

The fraternal countries are also cooperating on a multilateral basis in construction of 14 different projects, specifically including reconstruction of the port of Aden.

These countries in Asia, as pointed out, account for the largest amount of the economic and technical aid from the CEMA member countries. But the countries of the socialist commonwealth are also maintaining economic and trade relations with other states in Asia and extending assistance in construction of a number of important economic projects.

For instance, in Pakistan a metallurgical plant is being built with the help of the Soviet Union at Karachi with an output of 1.1 million tons of steel per year; the first phase has already gone into operation.

Much aid is being extended to the People's Republic of Kampuchea in rebuilding its economy destroyed by the Pol Pot gangs. It has to do with the infrastructure, with housing and public works construction, agriculture, and so on. About 10,000 hectares of rubber plantations and 6,000 hectares of cotton plantations are being brought back to life with the help of the Soviet Union.

The figures on the specific projects which have been built or are being built in Asia show that the sectoral distribution of aid from the CEMA member countries entirely corresponds to the needs of the states of Asia in their economic development and responds to the relevant requests of their governments.

Principal attention is being paid here to physical production in the state sector, and above all to creation of industrial and fuel and energy capacities, mineral explorations and agricultural development.

More than 90 percent of the technical assistance is being assigned to expansion of the production sphere, and about 75 percent of that to develop the industrial sector and the fuel and power industry.

At the present time the economic aid of the CEMA member countries to the developing countries is based on a sound legal foundation. With most of the developing countries of Asia intergovernmental agreements have been signed on economic and technical cooperation regulating the entire range of economic ties.

A mechanism operating by means of intergovernmental commissions created or to be created on a bilateral basis has been established to monitor progress in carrying out the agreements.

The countries of the socialist commonwealth are concluding long-term agreements with the developing countries for the purpose of stable development of economic cooperation; this affords the possibility of multiannual planning of economic relations and trade.

They reflect the progressive principles of the new international relations established among the CEMA member countries: respect for state sovereignty, independence and national interest, nonintervention in internal affairs, and full equality and mutual benefit.

The economic cooperation with the developing countries of Asia on a multilateral basis is making it possible to speed up construction of projects, to utilize collective experience in scientific-technical progress and to install the most up-to-date manufacturing equipment together with transfer of technical documentation and know-how.

For instance, in India the machinebuilding complex at Ranchi and the metallurgical plant at Bhilai were built with the aid of the USSR in which Czechoslovakia participated; geological explorations for petroleum are being conducted and the petroleum refinery at (Barauni) is being built by the Soviet Union with the involvement of Romania.

The GDR has extended aid to Syria in building cement plants, but the assembly work on these projects was done by Bulgaria, and the equipment was supplied from Hungary, the GDR, the USSR and Czechoslovakia.

Multilateral cooperation is also extending to other developing countries in Asia.

One of the important and promising directions of relations of the CEMA member countries with the Asiatic states is extending aid in their economic planning, which is the beginning of closer interaction in the field of planning, which is now called upon to serve as an important lever for economic development and the growth of the productive forces at the international level.

In recent years a new form of economic cooperation has taken shape in which several CEMA member countries participate jointly with one of the developing countries in building projects or delivering equipment to third countries.

For example, under a 1976 agreement India is delivering metallurgical and other equipment for enterprises to be built to meet obligations of the Soviet Union in Bulgaria, Hungary, Yugoslavia, Cuba, Turkey and Sri Lanka.

The CEMA member countries, pursuing the comprehensive approach to extension of economic and technical aid, are paying much attention to the training of national personnel for the developing states of Asia.

In 1982 about 22,000 specialists from the states of the socialist commonwealth were working in the Asian countries; in working on the projects that represent cooperation, they were passing on their own experience. The training of local personnel right at these enterprises is one of the principal methods of large-scale training of national personnel. This method has been used in training most of the workers in Iran, India, Afghanistan, Iraq, Syria, and so on.

An important role in training qualified personnel is given to vocational and technical training centers being built with aid from the CEMA member countries. More than 40 training centers have already been built in the countries of Asia, and another 40 are under construction or to be built. The training centers built with the help of the USSR in Iran, Iraq and Afghanistan have become one of the principal channels for supplying skilled workers to the key economic sectors of those countries.

Year after year the CEMA member countries have been expanding the amount of their aid to the Asian states in creating national systems of higher and secondary specialized education. With their economic and technical aid 22 higher and secondary specialized educational institutions have been built, and another 9 are under construction or scheduled for construction.

In a number of countries of Asia these educational institutions have become one of the principal sources for training national engineering and technical personnel. They include the Kabul Polytechnical Institute built with the aid of the USSR, the mining-and-petroleum and auto mechanic tekhnikums in Afghanistan, the Rangoon Technological Institute in Burma, and the technological institutes in Bhilai and Bombay (India).

Training of specialists from these countries in higher and secondary specialized educational institutions of the CEMA member countries is also expanding. Whereas over the last 10 years more than 26,000 specialists who were citizens of those countries received higher and secondary education in them, in 1982 alone more than 32,000 university students, graduate students and trainees from 31 Asian countries were studying in them. In addition, over the period 1974-1982 about 1,800 persons from the Asian countries were enrolled for study at the expense of the CEMA scholarship fund, and more than 400 persons acquired a specialization or improved their qualifications with that financing.

Every year more than 3,000 citizens from the Asian countries go through production and technical training and trainee programs in the CEMA member countries at leading enterprises and construction projects, in institutions, and in project planning and scientific research institutes. The training is linked to specific production tasks which those in training will have to perform when they return to their homeland.

The CEMA member countries are taking every step so that the economic cooperation with the developing countries is long-term, highly effective and mutually beneficial.

In extending economic and technical aid to the developing countries the countries of the socialist commonwealth are making a weighty contribution to elimination of the backwardness inherited from colonialism, to the fight against the aggressive policy of domination and dictate conducted by the imperialist states, and to support of the developing countries in their struggle to create a new international economic order on a democratic and fair basis.

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TRADE WITH LDS'S

ECONOMIC DEVELOPMENT OF VIETNAM, LAOS EXAMINED

Moscow APN DAILY REVIEW in English 24 Jan 84 pp 1-3

[Article by V. Skvortsov: "Advancing to Their Goals: Vietnam and Laos at a Decisive Boundary of the Five-Year Plan"]

[Text] PRAVDA published an article on January 23 by Valerian Skvortsov about the social and economic advances of the sister nations of Indochina.

Food production in the Socialist Republic of Vietnam has been rising by an average of one million tons a year in terms of rice equivalent during the last three years, the article says. As one can see from the report presented by the SRV Council of Ministers to the latest session of the National Assembly, the nation's foodstocks amounted to 3.75 million tons in 1983. For the first time in the post-war period, Vietnam does not have to import foodstuffs. The area under industrial crops has expanded, and so have the fish catch and the livestock population. As far as manufactured goods are concerned, the author points out, these totalled a quarter more last year in terms of value than in 1978. Exports rose by 17 percent during the year.

The republic may well pride itself on such projects as the Pha Lai Thermal Power Plant, Hao-Binh and Chian Hydro-Electric Power Stations, the Thang-Long Bridge across the Red River in the nation's capital, Vung Tau Oil-Fields, the Bim Son, Hoang Thanh and Ha Tien Cement Plants, the Lam Thao Superphosphate Plant, Song Kong Diesel Engine Factory, Pharung Shipyard and textile mills in Hanoi, Vinh and Nia Chang.

The Vietnamese economy, the article points out, is making headway in every sense in ever closer unity and cooperation with the other two sister nations of Indochina.

The Laotians have also something to be proud of this year, Skvortsov goes on to say.

According to statistical services of the Lao People's Democratic Republic, food production in that country in 1983 was double that of 1976. The rice harvest has surpassed a million tons for the fourth straight year. Upwards of a hundred thousand cubic metres of timber are stocked up every year. Electricity production has increased 3.7-fold during the past eight years.

State food purchases from peasants have quadrupled during the past three years. The student body at the schools of general education and at vocational schools has come up to 600,000. Illiteracy has been essentially ended.

Step-by-step transition to intensive crop farming, construction of irrigation installations, recultivation of the lands that were abandoned during the American aggression and a drive to turn up more of them are the hall-marks of Laotian agriculture at the present time. Cooperative farming is gaining ground, with collectivization essentially completed in four of the country's thirteen provinces.

According to the estimates of the Republic's State Planning Committee, industrial output went up by 31.4 percent during the first two years of the first Five-Year Plan. The public sector, comprising 217 production units, is being consolidated. Skvortsov emphasizes that wide-ranging links and cooperation of socialist states, which have been growing in scale from year to year, have also played a major role in the rebirth of Kampuchea which is passing over with increasing confidence from the national democratic revolution to laying the foundations for Socialist construction.

The steady advance of the three sister nations of Indochina--the Socialist Republic of Vietnam, the Lao People's Democratic Republic and the People's Republic of Kampuchea--to the goals they have set themselves is a positive and stabilizing factor for South-East Asia. Being as they are full-fledged members of the international community, the three countries are active in working for peace and security. They are making unremitting efforts to promote their dialogue with neighbouring ASEAN countries, normalize the situation and turn South-East Asia into a region of peace, friendship and cooperation. These efforts demonstrate their good will to build their international relations on the principles of mutual respect, equality and non-intervention in internal affairs. It is quite clear, the author concludes, that the three sister nations would have a far greater achievement to their credit were it not for unending attacks and scheming of the forces of imperialism and hegemonism.

(PRAVDA, January 23. Summary)

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